



Spinning A World of Endless Opportunities



Annual Report 2009 - 2010

# Contents

	Page Nos
Board Of Directors _____	1 - 1
Notice _____	2 - 5
Directors' Report _____	6 - 11
Management Discussion and Analysis _____	12 - 13
Report on Corporate Governance _____	14 - 22
Auditor's Report _____	23 - 25
Balance Sheet _____	26 - 26
Profit & Loss Account _____	27 - 27
Schedules forming part of the Accounts _____	28 - 36
Notes on Accounts _____	37 - 44
Cash Flow Statement _____	45 - 46
Balance Sheet Abstract _____	47 - 47

## BOARD OF DIRECTORS

<b>Sri B.N.Agarwal</b>	Chairman and Managing Director
<b>Sri R.Surender Reddy</b>	
<b>Sri B.N.Rathi</b>	
<b>Dr. Akkineni Nageswara Rao</b>	
<b>Sri G.Ganesh</b>	Nominee of IDBI
<b>Sri Rajender Kumar Agarwal</b>	Joint Managing Director
<b>Sri J.K.Agarwal</b>	Executive Director
<b>Sri D.K.Agarwal</b>	Whole-time Director

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

Sri B.R.S.Reddy

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

Sri K.N.Nevatia

### **Auditors**

M/s. Brahmayya & Co.  
Hyderabad

### **Bankers**

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

### **Registered Office**

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

### **Registrar and Share Transfer Agents**

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

### **SALES DEPOT**

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

### **FACTORIES**

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

## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of **Suryavanshi Spinning Mills Limited** will be held on Wednesday, the 29th September, 2010, at 10.00 AM. at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad-500 003 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2010 and Balance Sheet as on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of **Sri B.N.Rathi**, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Sri R.Surender Reddy**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Brahmayya & Co., Chartered Accountants, as statutory auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), subject to such approvals as may be required Shri R.K.Agarwal be and is hereby reappointed as Joint Managing Director of the Company for a further period of five years with effect from 21st May, 2010, on the terms and conditions mentioned below:

- a) Basic Salary: Rs.80,000/- per month

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

### PART - A:

- i) Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water etc. or HRA to the extent of 40% of the salary.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs, subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs.4000/- (Rupees Four thousand) per annum

### PART - B:

- i) Contribution to Provident Fund, Super annuation Fund or Annuity Fund, Group Insurance Scheme as per the Rules of the Company
- ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.

### PART - C:

- i) Provision of car for use of company's business and telephone at residence

**"FURTHER RESOLVED THAT** where in any financial year during the currency of the tenure of Sri. R.K.Agarwal Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above as a minimum remuneration subject to provisions of Part II of Schedule XIII of the Companies Act, 1956".

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

**"RESOLVED THAT** consent of the Company be and is hereby given in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for the mortgage and/or charge on all the movable and immovable properties of the Company, wheresoever situate, present and future, of the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events on first charge basis on pari passu basis among the first charge holders in favour of :

Andhra Bank(AB) Sultan Bazar, Hyderabad of its Term Loan of Rs.4.42 Crores.

State Bank of Hyderabad, Commercial Branch, Secunderabad of its Term Loan of Rs. 1.78 Crores.

ICICI Bank Limited, Begumpet, Hyderabad of its Term Loan of Rs. 1.00 Crore.

Together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Andhra Bank, State Bank of Hyderabad and ICICI Bank under their letter of sanctions/loan agreements entered / to be entered into by the Company in respect of the said financial assistance.

Provided, however that the above mortgage/charge in favour of AB/SBH/ICICI Bank shall rank pari-passu with the mortgages and / or charges already created or to be created by the Company to secure the term loans sanctioned/to be sanctioned by ICICI BANK, IDBI Bank Limited, State Bank of India and The Bank of Rajasthan Limited

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to finalise with Andhra Bank/State Bank of Hyderabad/ICICI Bank, the documents for creating aforesaid mortgage and to do all such acts and things, as may be necessary for giving effect to the above resolution".

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

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

Place : Secunderabad

Date : 20th May, 2010

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
3. The register of members and share transfer books will be closed from Friday, 24th September, 2010 to Wednesday, 29th September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them. Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered Office of the Company.

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

6. The Companies Act, 1956 provides for the facility of nomination to the holders of Shares in a Company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company.
7. The shares of the Company continue to be listed on the Stock Exchange at Mumbai and the Company has paid upto date all the listing fees to the Stock Exchange.
8. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holding in electronic form, and to M/s. Sathguru Management Consultants (P) Ltd, Unit: Suryavanshi Spinning Mills Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034, India in respect of their holding in physical form, if any.
9. The Members are requested to bring their copy of the annual report with them at the time of attending Annual General Meeting.

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

### **ITEM NOS.2 &3**

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

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

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

Present term of appointment of Sri R.K.Agarwal, Joint Managing Director of the Company will be expiring on 30th October, 2010.

Sri R.K.Agarwal, B.Tech (Mechanical) has vast experience in the textile industry. He has been associated with the Company for the last 25 years in various capacities. With a view to avail his services, the Board has re-appointed Sri R.K. Agarwal, as Joint Managing Director subject the approval of Financial Institutions and members, for a further period of 5 years with effect from 21st May, 2010 on the terms and conditions mentioned in the item No.5 of the Notice. The remuneration Committee has already approved the remuneration payable to Sri R.K. Agarwal.

Sri R.K. Agarwal is the Promoter Directors of the company and holds 183544 shares in his name as on 31.03.2010

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

Sri R.K.Agarwal himself, Sri B.N.Agarwal, Sri J.K.Agarwal, Sri D.K.Agarwal, being related to each other are deemed to be interested in this resolution.

None of the other Directors is interested / concerned in this resolution.

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

Andhra Bank, Sultan Bazar, Hyderabad vide its letter No.205/1/44/863(a) dated 29.09.09 has sanctioned a Term Loan of Rs.4.42 Crores

State Bank of Hyderabad, Commercial Branch, Secunderabad vide its letter No.F/ADV/662 dated 15.02.2010 has sanctioned a Term Loan of Rs.1.78 Crores

ICICI Bank Limited, Begumpeet, Hyderabad vide its letter No.SSG/2009/CMOG No.90/W48HYD/22914 dated 31.12.2009 has sanctioned a Term Loan of Rs.1.00 crore. The Andhra Bank, State Bank of Hyderabad and ICICI Bank have sanctioned the above referred term loans by converting part of their irregular portion of existing working capital limits already sanctioned to the Company.

The above term loans are to be secured by way of first pari-passu charge/mortgage of all the company's immovable properties

Now, the company has to create mortgage on its immovable properties in favour of Andhra Bank /State Bank of Hyderabad/ICICI Bank to secure the term loans referred above by way of extension of equitable mortgage by deposit of title deeds

Since the mortgaging by the Company of its immovable properties as aforesaid in favour of above banks may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution under section 293(l)(a) of the Companies Act, 1956 for the creation of the said mortgage.

The Board recommends the Resolution for your approval. None of the Directors is interested or concerned in the Resolution

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

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

Place : Secunderabad  
Date : 20th May, 2010

## DIRECTORS' REPORT

To  
The Members

Your Directors are pleased to present their 31st Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2010.

(Rs. in Lakhs)

	2009-10	2008-09
<b>Financial Results</b>		
Net Turnover including other income	<b>18,865</b>	16,194
Gross profit before financial charges & Depreciation	<b>1,920</b>	321
Less: Depreciation	<b>740</b>	735
Finance charges	<b>875</b>	974
Profit/(Loss) Before Taxation	<b>305</b>	(1,388)
Provision for Income Tax	-	-
- Deferred Tax	-	-
- Fringe Benefit Tax	-	6
Profit/(Loss) after taxation	<b>305</b>	(1394)
Profit/(Loss) Brought Forwarded from last year	<b>(861)</b>	533
Amount available for appropriation	<b>305</b>	(861)
Balance carried to Balance Sheet	<b>(556)</b>	(861)

### OPERATIONS

After a long recessionary phase, the Textile Industry started witnessing turnaround. Factors which helped the industry was good cotton crop, increased demand in domestic as well as international market. This trend is expected to continue in the current year also.

The Company, during the year 2009-10, achieved a turnover of Rs. 188.65 Crores as against the turnover of Rs. 161.94 Crores and earned Profit After Tax of

Rs. 3.05 Crores as against the loss of Rs. 13.94 Crores respectively in the previous year.

### YARN

The aggregate production of Yarn, during the year 2009-10, in Bhongir and Aliabad units in Andhra Pradesh and Rajna in Madhya Pradesh was 123.20 lakhs Kgs as against the production of 119.21 lakhs kgs during the previous year.

### READYMADE GARMENTS

Improved international market scenario since end 2009 onwards coupled with increased realization, enabled the company to achieve Readymade garment's production during the year 2009-10 of 16.04 lakh pieces as against 10.72 lakh pieces in the previous year, thus registering robust growth of about 50%.

### DIVIDEND

In view of the insufficient profits earned by the Company, the Directors regret their inability to recommend Divided.

### CAPITAL EXPENDITURE

Continuous Modernization is essential in the Spinning Industry to meet the stringent quality parameters and your company during the year under review, incurred capital expenditure of Rs.332.22 lakhs for up-gradation of machinery and balancing equipments at its units as against Capital Expenditure of Rs.695.53 lakhs in the previous year.

### EXPORTS

The exports during the year were Rs.35.01 crores including merchant exports of Rs.1.37 Crores as against the export turnover of Rs.22.58 Crores including merchant exports of Rs.51 Lakhs during the previous year.

International markets have picked-up after the recessionary trends have eased. The company is confident of capitalizing on the favourable market conditions prevailing both within the country and abroad.



## **INCREASE IN THE PAID-UP EQUITY CAPITAL**

Your company has allotted 19,50,000 Equity Shares of Rs.10/- each to non-promoters at a premium of Rs.5/- per share, Consequent upon the allotment of Equity Shares, the paid-up capital of the Company stands increased to Rs. 13,27,09,230/- The said funds were utilized for augmenting the longterm resources of the company.

## **FUTURE OUTLOOK**

Textile Industry recovered faster than other sectors from the global recession.

The textile industry outlook is definitely positive with increased cotton production, though prices have touched highest ever. The garment industry needs support by way of flexible labour laws to enable the industry to remain competitive in the current international market scenario.

## **Technology Upgradation Fund Scheme (TUFS)**

Of all the schemes introduced by the Government of India, TUFS has contributed the maximum to the modernisation and enhancement of the capacities of all facets of Textile Industry. The interest subsidy has facilitated investments by the Industry.

## **DIRECTORS**

Pursuant to provisions of Section 255 and 256 of the Companies Act, 1956, Sri B.N.Rathi and Sri R.Surender Reddy Directors will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The terms of appointment of Sri R.K.Agarwal, Joint Managing Director will be expiring on 30th October, 2010. The necessary resolutions seeking approval of the members for the appointment and the remuneration payable to Sri R.K.Agarwal has been included in the notice for the ensuing Annual General Meeting.

Brief resume of the Directors retiring by rotation, nature of their expertise in specific functional areas and names

of public companies in which they hold directorships as stipulated under clause 49 of the listing agreement with the Stock Exchange are given on Corporate Governance elsewhere in the Annual Report.

## **CORPORATE GOVERNANCE**

Pursuance to Clause 49 of the Listing Agreement with the Stock Exchange, a detailed report on the Management

Discussion and Analysis, Corporate Governance Report and Additional information to the Shareholders are made part of this Annual Report.

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

The Board of Directors of the Company confirms:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date.
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis.

## **AUDITORS**

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

### **AUDITORS' QUALIFICATION**

The qualification made by the Auditors in their report on the accounts of the company for the year ended 31st March, 2010 have been dealt with in the Notes on Accounts, which are self-explanatory.

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

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

### **DEPOSITS**

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

### **EMPLOYEES**

No Employee was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars

of Employees) Rules, 1975 and hence the prescribed information is not required to be given.

### **ACKNOWLEDGEMENTS**

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

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

For and on behalf of the Board of Directors

**(B.N.Agarwal)**

Chairman & Managing Director

Place : Secunderabad

Date : 20th May, 2010

## ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

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

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:

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

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

The above measures have reduced the cost of production.

- (d) Total energy consumption and energy consumption per unit of production as per **Form A** is given below

#### FORM A

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

	2009-2010	2008-2009
I. Power & Fuel consumption		
a) Purchased		
Units	<b>50006566</b>	50731428
Total amount (Rs. lakhs)	<b>1712.38</b>	1739.14
Rate / Unit (Rs.)	<b>3.42</b>	3.43
b) Own Generation		
i) Through Generator (LDO/HSD/FO)		
Unit Nos.	<b>197957</b>	52851
Unit per liter of Diesel Oil	<b>3.00</b>	3.45
Cost Per Unit (Rs.)	<b>14.27</b>	10.69
ii) Through Steam generation	<b>N.A.</b>	N.A.
Turbine / Generator	<b>N.A.</b>	N.A.
2. COAL (Tonnes) (Specify the quality and where used) (E/F Grade, Process)	<b>321</b>	737
3. Furnace Oil	<b>N.A.</b>	N.A.
4. OTHERS/INTERNAL GENERATORS (Please give details)	<b>N.A.</b>	N.A.

#### Consumption Per Unit of Production

Consumption per Kg of Production	Standards (if any)	2009-10	2008-09
Electricity (no of units)	--	<b>3.95</b>	4.25
Furnace Oil	Nil	<b>Nil</b>	8.47
Coal (Specify Quality)	Nil	<b>Nil</b>	Nil
Others (Specify)	Nil	<b>Nil</b>	Nil

**B. TECHNOLOGY ABSORPTION**

**Efforts made in Technology absorption as per Form B.**

**FORM-B**

**Form of disclosure of particulars with respect to technology absorption**

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

- |   |   |
|---|---|
| 1. Specific areas in which R&D carried by the Company | The Company is having R&D in introduction and development of value added products   |
| 2. Benefits derived as a result of the above R&D      | New value added products were developed   |
| 3. Future plan of action                              | To further develop more value added products and improve the quality of the products  |
| 4. Expenditure on R&D                                 | Expenditure on in-house Research and Development 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 had adapted indigenous technology and innovated upon the same.       |
| 2. Benefits derived as a result the above efforts, e.g., improvement, cost, reduction, product development, import substitution, etc.                          | Product improvement, increase in yield, production of high value added products. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. | No technology has been imported during last five years.                          |
| (a) Technology imported  | Nil  |
| (b) Year of import   | Not applicable   |
| (c) Has technology been fully absorbed   | Not applicable   |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action   | Not applicable   |

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

- |  |   |
|--|---|
| (a) Activities relating to exports initiatives taken to increase exports development of new export markets and export plans. | Exports of the Company amounts to Rs.3363 Lakhs to various countries like China, U.S.A, Korea, Taiwan, Iran, Hongkong, Italy, Spain, Brazil, Chile, Portugal etc. The Company is exploring new markets for export of its products |
|--|---|

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

(Rs.in Lakhs)

	<b>31st March, 2010</b>	31st March, 2009
i) Foreign Exchange Earned		
– FOB Value of exports	<b>3,307</b>	2,172
– CIF Value of exports	<b>3,363</b>	2,207
ii) Foreign Exchange used		
a. Plant & Machinery	<b>4</b>	405
b. Spare Parts	<b>30</b>	61
c. Raw Materials	–	690
d. Commission on exports	<b>26</b>	87
e. Foreign Travel	<b>14</b>	11

For and on behalf of the Board of Directors

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

Place : Secunderabad  
Date : May 20, 2010

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### Industry structure, developments and product wise performance.

##### Indian Textile Industry

The textile industry meets one of the most basic needs of people and plays a very important role in contributing to industrial output, employment generation and export earnings. It contributes about 4% to the GDP Growth, 14% to the Industrial Production, 18% of employment in the industrial sector and 12% share in the country's export earnings.

The Textile Industry is the second largest employment after agriculture. It is currently providing employment to 35 million people in India. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be around another 60 million.

Textile export for the period April 2009 to Jan 2010 was increased to US \$ 18.6 billion from US \$ 17.7 billion for the corresponding period of the previous year.

The Government of India has introduced encouraging policies so as to impetus to the process of rapid modernization of the textile industry,

#### 1. Technology Upgradation Fund Scheme (TUFS)

Sanction of subsidized term loans under TUFS has greatly contributed for the modernization of the textile industry in the country. In May 2010, the Ministry of Textile

informed a parliamentary panel that it proposes to allocate US \$ 785.2 million for the modernization of the Textile Industry.

**2. Scheme for Integrated Textile Parks:** The Scheme (SITP) involves setting up of textile units with appropriate infrastructure and facilities for spinning, texturising, weaving, processing, apparels etc., integrated in a single area.

To capitalize on opportunities in the export market, specialized textile parks, apparel parks, EOUs and EPZs have been set up with improved infrastructure. The apparel parks operate as Special Purpose Vehicles and are run independently by entrepreneurs.

The performance of each business segment of the Company i.e. Yarn and Garments has been comprehensively discussed in the Directors' Report.

#### OPPORTUNITIES AND THREATS

Cotton production in India is increasing rapidly with the introduction of Hybrid and BT cotton seed. This is expected to ensure availability of quality cotton. The Government of India has made a vision statement of raising the country's market share in the world Textile to 7% by 2012. International textile market is expected to reach 700 bn USD by 2012, this vision scenario of 7% market share holds immense prospects of growth for Spinning as well as Garment Industry.

#### RISKS AND CONCERNS

The competitive condition of the Indian Textile Exporters is affected by sharp increases in cotton prices and of other in-puts like power, wages, fluctuations in currency and withdrawal of export incentives on cotton yarn exports.

To overcome this situation, the company will focus on cost cutting strategies, development of new markets, production of value added products and efficient management of inventory levels.

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

The Company has an adequate internal control system commensurate with the size and complexity of the organization. The Company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the Company and also upgraded the IT support systems. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

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

There are no material developments in the Human Resources area. The industrial relations have been generally satisfactory. The Company has already concluded long-term wage agreements with workers' unions of Bhongir and Aliabad units and discussions are in advanced stage with workmen union of Rajna unit for entering the long-term wage agreement. The Company constantly reviews the man power requirements and has a properly equipped Department to take care of the requirements. The total number of people employed by the Company is 1378.

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

The Indian Textile Industry, which was badly hit by global

economic recession, has started showing signs of recovery during the year. The company's operations have resulted in a turn over of Rs. 188.65 crores registering an impressive growth of 16.49% over and in a profit after tax of Rs.3.05 crores against a loss of Rs.13.94 crores during the previous year.

The production in Yarn division has shown a growth of 3.35% over the previous year. Yarn realizations has started improving both in domestic and export markets.

The production at Readymade Garments Division has shown a decent growth of about 50% over the previous year. The market for Readymade Garments has continued to be good showing growth over the previous year both in volumes and realizations. The export market has picked up. The rising price of cotton continues to be a cause of concern.

The workings of the Yarn Division as well as the Garments Division would have been much better, but for the power cuts and frequent stoppage of operations due to agitations particularly in the Units situated in Andhra Pradesh.

#### **NOTE :**

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

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

## CORPORATE GOVERNANCE REPORT

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

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

### 2. BOARD OF DIRECTORS :

a. Composition and category of directors as on 31.03.2010 / Number of other Board of Directors or Committees of which Member/Chairman.

Name of the Directors	DIN No.	Category	No.of other Directorships in public limited companies	No.of other Board Committees of which	
				Member	Chairman
B.N.Agarwal	00042123	Chairman and Managing Director Promoter-Executive	Nil	Nil	Nil
Rajender Kumar Agarwal	00041892	Joint Managing Director Promoter-Executive	1 - Director	Nil	Nil
J.K.Agarwal	00041946	Executive Director Promoter-Executive	1 - Director	1	Nil
D.K.Agarwal	00042156	Whole-time Director Promoter-Executive	1 - Director	1	Nil
Sri R.Surender Reddy	00083972	Director Non-Executive-Independent	2 - Chairman 7 - Director	Nil Nil	Nil Nil
Dr. A.Nageswara Rao	00013295	Director	4 - Director	2	1
Sri B.N.Rathi	00011259	Director	1 - Chairman 1 - Director	Nil 2	Nil Nil
Sri G.Ganesh	02367317	IDBI Nominee Director	Nil	Nil	Nil



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

Name of the Directors	Number of Board Meetings attended during the period 1st April, 2009 to 31st March, 2010	Whether present at the previous AGM
B. N. Agarwal	8	Yes
Rajender Kumar Agarwal	8	Yes
J.K. Agarwal	8	Yes
D. K. Agarwal	8	Yes
Sri R. Surender Reddy	7	Yes
Dr. A. Nageswara Rao	7	No
Sri B. N.Rathi	6	No
Sri G. Ganesh	5	Yes

**RE-APPOINTMENT OF RETIRING DIRECTORS**

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

**Profiles of Directors retiring by rotation**

**Sri B.N.Rathi**

Sri B.N.Rathi, B.A., is one of the leading Share and Stockbrokers for the last 28 years and he possess specialized knowledge in Capital markets.

His Directorships of other public limited companies as on date are as follows:

1. B.N.R.Udyog Limited - Chairman
2. B.N.Rathi Securities Limited - Director

Sri B.N.Rathi is not holding any shares in the equity capital of the Company.

**R. Surender Reddy**

Sri R.Surender Reddy, Industrialist has been associated with the Company since 1983. He has long experience as a Parliamentarian. He was elected to the Lok Sabha for 4 terms. He was also a Member of A.P.Legislative Assembly from 1974 to 1989 (4 terms ).

Sri R.Surender Reddy was also Director on the Board of Andhra Bank from 1968 till date of nationalization and Chairman of Andhra Pradesh State Financial Corporation for 2 years.

The Directorships and Committee Memberships of other companies of Mr.R.Surender Reddy as on date are as follows:

1. Hyderabad Race Club - Chairman
2. Suryalatha Spinning Mills Limited - Chairman
3. Suryalakshmi Cotton Mills Limited - Director
4. Surana Telecom Limited - Director
5. Bhagyanagar India Limited - Director
6. L-Pack Polymers Limited - Director
7. Lakshmi Finance & Industrial Corpn. Ltd. - Director
8. Surya Kiran International Limited - Director
9. Suryaamba Spinning Mills Limited - Director

Sri R.Surender Reddy is holding 1000 shares in the equity capital of the Company

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

During the Financial year ended 31st March, 2010, Eight Board Meetings were held on 30-May-09, 15-Jun-09, 31-Jul-09, 31-Aug-09, 29-Sep-09, 15-Oct-09, 25-Jan-10 and 1st March, 2010.

**3. AUDIT COMMITTEE:**

- a) Brief description of terms of reference
  - i) Oversight of Company's financial reporting process and disclosure of financial information.
  - ii) Review of financial statements before submission to Board.
  - iii) Review of adequacy of internal control systems and internal audit functions.
  - iv) Review of Company's financial and risk management policies.
- b) Composition, name of members and Chairperson
  1. Sri R. Surender Reddy - Chairman, Non-Executive & Independent
  2. Sri Dr. Akkineni Nageshwara Rao - Member, Non-Executive & Independent
  3. Sri J.K. Agarwal - Member, Executive & Promoter
  4. Sri G. Ganesh - Member, Non-Executive & Independent (Nominee of IDBI)
- c) Meetings and attendance during the year

During the financial year March 31, 2010, Five Audit Committee Meeting was held on 30-May-09, 15-Jun-09, 31-Jul-09, 15-Oct-09, 25-Jan-10

Name	No. of the Meetings attended
R.Surender Reddy	5
Dr.Akkineni Nageswara Rao	5
J.K. Agarwal	5
G.Ganesh (IDBI Nominee)	3

**4. REMUNERATION COMMITTEE**

- a) Brief description of terms of reference.
 

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the Executive Directors.
- b) Composition, Name of members and Chairperson
  1. Dr. Akkineni Nageswara Rao - Chairman - Non-executive - Independent
  2. Sri B.N.Rathi - Member - Non-executive - Independent
  3. Sri G.Ganesh - Member - IDBI Bank Ltd., Nominee - Independent
- c) Attendance during the year
 

During the financial year March 31, 2010, one Remuneration Committee Meeting was held on 31st August, 2009.
- d) Remuneration policy
 

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

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

(During 01.04.2009 to 31.03.2010)

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

#### Sitting Fees

Name of the Director	Designation	Amount (Rs.)
Sri R.Surender Reddy	Director	22,500
Dr. A.Nageswara Rao	Director	25,000
Sri B.N.Rathi	Director	15,000
Sri G.Ganesh	IDBI Nominee Director	15,500

The Company does not have any stock option plan or performance linked incentive for the Executive Directors.

The appointments are made for a period of five years on the terms and conditions in the respective resolution passed by the Members in the General Meetings, which do not provide for severance fees.

#### 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

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

#### 6. GENERAL BODY MEETINGS:

a) Location and time, where last three AGMs held.

Financial Year	Date	Venue	Time
2006-2007	09/08/2007	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.30 A.M.
2007-2008	26/09/2008	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.00 A.M.
2008-2009	30/09/2009	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 009.	10.00 A.M.

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

**Special Resolutions:**

Special Resolutions were passed at the Annual General Meeting held on 9th August 2007, 26th September, 2008 and 30th September, 2009

**7. DISCLOSURES**

- a) Related Party Transactions: There were no materially significant related party transactions, which had potential conflict with the interest of the Company at large. Transactions with the Related Parties are disclosed in Note No. 19 of the Schedule 21 to the Accounts in the Annual Report.
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during the last three years: NIL
- c) CEO and CFO Certification: The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause - 49 of the Listing Agreement.

**Mandatory requirements:** All complied with.

**Non-mandatory requirements :**

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

**8. MEANS OF COMMUNICATION.**

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

## 9. GENERAL SHAREHOLDER INFORMATION

a) AGM : Date, Time and Venue

Date : 29th September, 2010

Time : 10:00 A.M.

Venue : Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel,  
Secunderabad - 500 009.

b) Financial Year

1st April 2009 to 31st March 2010

c) Date of Book Closure : 24th September 2010 to 29th September, 2010 (Both days inclusive).

d) Dividend Payment Date : Not applicable as the Board has not recommended any dividend

e) Listing on Stock Exchanges & Stock Code

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

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

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

Month	Share Price (Rs.)		Sensex	
	High	Low	High	Low
April-09	9.15	6.91	11,492.10	9,546.29
May-09	10.73	7.37	14,930.54	11,621.30
June-09	14.36	10.84	15,600.30	14,016.95
July-09	12.08	9.67	15,732.81	13,219.99
August-09	12.70	10.30	16,002.46	14,684.45
September-09	13.20	10.31	17,142.46	15,356.72
October-09	12.88	10.40	17,493.17	15,805.20
November-09	15.50	10.62	17,290.48	15,330.56
December-09	19.36	12.70	17,530.94	16,577.78
January-10	29.85	17.75	17,790.33	15,982.08
February-10	28.55	20.80	16,669.25	15,651.99
March-10	25.25	19.05	17,793.01	16,438.45

g) Registrar and Share Transfer Agents

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

**h) Share Transfer System:**

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

**i) Shareholding pattern as on 31.03.2010.**

Sr.No.	Category	No.of Shares held	Percentage Shareholding
1	Promoters	70,54,063	53.15
2	Mutual Funds	700	0.01
3	Banks & Financial Institutions	10,09,997	7.61
4	FII's		0.00
5	Private Corporate Bodies	26,10,540	19.67
6	NRI's	20,848	0.16
7	Indian Public	25,74,775	19.40
	<b>TOTAL</b>	<b>1,32,70,923</b>	<b>100.00</b>

**Distribution of shareholding**

Nominal Value	Shareholders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto 5000	6401	90.79	82,44,980	6.21
5001 - 10000	308	4.37	25,06,360	1.89
10001 - 20000	169	2.40	25,08,230	1.89
20001 - 30000	55	0.78	13,85,910	1.04
30001 - 40000	14	0.20	4,88,830	0.37
40001 - 50000	25	0.35	11,39,550	0.86
50001 - 100000	24	0.34	17,29,140	1.30
100001 and above	54	0.77	11,47,06,230	86.43
<b>TOTAL</b>	<b>7050</b>	<b>100.00</b>	<b>13,27,09,230</b>	<b>100.00</b>

**j) Dematerialisation of shares and liquidity**

The Company's shares are available for dematerialisation on both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 10072665 shares amounting to 75.9% of the Capital have been dematerialised by investors as on 31st March, 2010.

ISIN : INE431C01015

Address of Registrars for Dematerialisation of Shares.

M/s.Sathguru Management Consultants Pvt.Ltd.,  
Plot No.15,Hindi Nagar,Behind Saibaba Temple,  
Punjagutta,Hyderabad - 500 034.

Phone No(s) - 23356507, 23356975, 23350586,  
Fax No - 40040554

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

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

**l) Plant Locations**

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

**m) Address for correspondence :**

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

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

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

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

The above report has been approved by the Board of Directors in their meeting held on May 20, 2010.

---

## **Declaration on Code of Conduct**

This is to confirm that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2010 as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

for SURYAVANSHI SPINNING MILLS LIMITED

**B.N. Agrawal**

Chairman & Managing Director

Place : Secunderabad  
Date : 20th May, 2010.

## Auditors' Certificate on compliance of Corporate Governance

To the Members of SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD, A.P.** for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

Place : Hyderabad  
Date : 20th May, 2010

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



## AUDITORS' REPORT

To the Members of  
**SURYAVANSHI SPINNING MILLS LIMITED,**  
SECUNDERABAD.

1. We have audited the attached Balance Sheet of SURYAVANSHI SPINNING MILLS LIMITED, SECUNDERABAD (A.P) as at 31st March, 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors, as on 31st March, 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, subject to Note No.2 of Schedule 21, 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.000513S

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

Place : Hyderabad  
Date : 20th May, 2010

## **ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 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 fixed assets disposed off during the year are not substantial and hence it has not affected the going concern status of the Company.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. The Company has not taken/granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Hence, provisions of clause (iii), (b), (c), (d), (f) and (g) of paragraph 4 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. a) According to the records the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax/Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2010.
10. The Company has accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit. However the Company incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has issued 19,50,000 Equity Shares Rs.10/- each at a premium of Rs.5/-. In our opinion the price at which the shares have been issued is not prejudicial to the interest of the company.
19. During the year, the Company has not issued any debentures and therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

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

Place : Hyderabad  
Date : 20th May, 2010

## BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule Reference	As at 31.03.2010		As at 31.03.2009	
		Rs	Rs	Rs	Rs
<b>SOURCES OF FUNDS:</b>					
<b>SHARE HOLDERS' FUNDS:</b>					
Share Capital	1	13,26,86,730		1,13,186,730	
Reserves and Surplus	2	<u>27,72,62,779</u>		<u>26,75,12,779</u>	
			<b>40,99,49,509</b>		<b>38,06,99,509</b>
<b>LOAN FUNDS:</b>					
Secured Loans	3	85,43,99,266		82,42,86,956	
Unsecured Loans	4	4,02,29,572		5,31,80,940	
<b>TOTAL</b>		<b><u>1,30,45,78,347</u></b>		<b><u>1,25,81,67,405</u></b>	
<b>APPLICATION OF FUNDS:</b>					
<b>FIXED ASSETS:</b>					
Gross Block	5	1,66,71,42,626		1,64,14,74,698	
Less: Depreciation		<u>89,27,56,541</u>		<u>82,29,48,048</u>	
Net Block		77,43,86,085		81,85,26,650	
Add: Capital Works in Progress		<u>22,83,346</u>		<u>12,32,006</u>	
			<b>77,66,69,431</b>		<b>81,97,58,656</b>
<b>INVESTMENTS</b>	6		<b>1,60,750</b>		<b>1,60,750</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>					
Inventories	7	40,43,24,450		23,86,29,678	
Sundry Debtors	8	15,37,05,633		12,36,14,399	
Cash and Bank Balances	9	5,63,57,459		3,19,11,740	
Loans and Advances	10	<u>16,73,96,492</u>		<u>12,90,03,637</u>	
		<b>78,17,84,034</b>		<b>52,31,59,454</b>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>30,96,76,808</u>		<u>17,10,03,698</u>	
			<b>47,21,07,226</b>		<b>35,21,55,756</b>
<b>Net Current Assets</b>					
<b>Profit and Loss Account</b>			<b>5,56,40,940</b>		<b>8,60,92,243</b>
<b>TOTAL</b>		<b><u>1,30,45,78,347</u></b>		<b><u>1,25,81,67,405</u></b>	
<b>NOTES ON ACCOUNTS AND ACCOUNTING POLICIES</b>					
	21				

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

As per our report of even date

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

**K.S. RAO**  
Partner  
Membership No. 15850  
Place : Hyderabad  
Date : 20.05.2010

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

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

For and on behalf of the Board

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

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

**Dr. Akkineni Nageswara Rao**  
Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule Reference	For the Year ended 31-03-2010 (Rs.)	For the Year ended 31-03-2009 (Rs.)
<b>INCOME:</b>			
Net sales	12	18,71,843,125	1,60,44,68,865
Other Income	13	1,46,18,748	1,49,95,619
<b>TOTAL</b>		<b>1,88,64,61,873</b>	<b>1,61,94,64,484</b>
<b>EXPENDITURE:</b>			
Raw Materials Consumed	14	1,14,28,15,325	1,03,76,67,744
Cost of Traded Goods		3,69,98,124	–
Stores Consumed	15	5,27,71,365	4,81,41,783
Power and Fuel	16	17,62,63,051	17,79,19,725
Payments and Benefits to Employees	17	13,42,62,734	11,65,18,492
Other Expenses	18	16,07,36,828	15,44,15,564
Finance Charges	19	8,75,03,035	9,74,07,631
Depreciation	5	7,40,47,059	7,34,66,548
Decrease/(Increase) in Stocks	20	(94,36,822)	5,24,23,163
Miscellaneous Expenditure W/off		–	2,77,957
<b>TOTAL</b>		<b>1,85,59,60,699</b>	<b>1,75,82,38,607</b>
Profit/(Loss) for the year		3,05,01,174	(13,87,74,123)
<b>Less : Provision for :</b>			
- Wealth Tax of earlier years		49,871	–
- Short provision of income tax of earlier years		–	24,885
- Fringe Benefit Tax		–	6,00,000
<b>Profit after Taxation</b>		<b>3,04,51,303</b>	<b>(13,93,99,008)</b>
Profit/(Loss) brought forward from Previous Year		(8,60,92,243)	5,33,06,765
<b>Balance Carried to Balance Sheet</b>		<b>(5,56,40,940)</b>	<b>(8,60,92,243)</b>
Earnings per Share (refer : 20 of Sch. : 21)		2.29	(12.32)
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES	21		

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

As per our report of even date

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

**K.S. RAO**  
Partner  
Membership No. 15850  
Place : Hyderabad  
Date : 20.05.2010

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

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

For and on behalf of the Board

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

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

**Dr. Akkineni Nageswara Rao**  
Director

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised:</b>		
3,52,50,000 Equity Shares of Rs.10/- each	<b>35,25,00,000</b>	35,25,00,000
<b>Issued, Subscribed and Paid up:</b>		
1,32,70,923 (Previous year 1,13,20,923) Equity Shares of Rs.10/- each fully paid up (of the above 21,00,000 Equity Shares of Rs.10/- each are allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves and 41,62,536 Equity Shares of Rs.10/- each are allotted for consideration other than cash)	<b>13,27,09,230</b>	11,32,09,230
Less: Allotment Money in Arrears (Dues from Directors Rs. Nil)	<b>22,500</b>	22,500
<b>TOTAL</b>	<b>13,26,86,730</b>	11,31,86,730

## SCHEDULE - 2

### RESERVES AND SURPLUS:

	Balance as at 31.03.2009 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Balance as on 31.03.2010 Rs.
<b>Reserves :</b>				
Security Premium Account	26,33,49,719	97,50,000	-	<b>27,30,99,719</b>
Capital Redemption Reserve	8,00,000	-	-	<b>8,00,000</b>
State Subsidy	22,63,060	-	-	<b>22,63,060</b>
Export Allowance Reserve	11,00,000	-	-	<b>1,100,000</b>
<b>TOTAL</b>	<b>26,75,12,779</b>	<b>97,50,000</b>	<b>-</b>	<b>27,72,62,779</b>

## 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) Term Loans:</b>		
<b>1) Rupee Term Loan from :</b>		
a) ICICI Bank Ltd.	2,57,19,903	2,98,78,247
b) IDBI Bank Ltd.	15,79,84,895	16,99,84,895
c) State Bank of India IFB	4,28,36,292	5,04,15,249
d) Bank of Rajasthan Ltd.	16,35,00,000	16,70,54,928
e) Andhra Bank	2,00,00,000	2,00,00,000
f) Andhra Bank - WCTL	4,42,00,000	-
g) State Bank of Hyderabad - WCTL	1,78,00,000	-
<b>2) Buyers Credit from State Bank of India, Tokyo</b> (Against L C from Andhra Bank)	<b>4,65,00,000</b>	<b>4,94,64,000</b>
<b>3) Interest accrued and Due</b>		
a) IDBI Bank Ltd.	-	48,42,249
b) Andhra Bank	11,80,444	73,065
c) ICICI Bank Ltd.	33,41,292	1,17,876
	<u>52,30,62,826</u>	<u>49,18,30,509</u>
<b>B) Working Capital Loans from:</b>		
Andhra Bank	21,78,15,377	20,54,62,358
State Bank of Hyderabad	7,65,80,208	8,54,65,620
ICICI Bank Ltd.	3,40,55,159	3,77,28,750
	<u>32,84,50,744</u>	<u>32,86,56,728</u>
<b>C) Vehicle Loans</b>	<b>28,85,696</b>	<b>37,99,719</b>
<b>TOTAL</b>	<b><u>85,43,99,266</u></b>	<b><u>82,42,86,957</u></b>

### NOTES:-

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

### SCHEDULE - 4

#### UNSECURED LOANS

Sales Tax Deferment	4,02,29,572	3,92,49,500
Inter Corporate Deposits	-	1,39,31,440
<b>TOTAL</b>	<b><u>4,02,29,572</u></b>	<b><u>5,31,80,940</u></b>

**SCHEDULE - 5  
FIXED ASSETS**

Sl. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2009 Rs.	ADDITIONS Rs.	DELETIONS Rs.	As at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Deduction Rs.	Upto 31.03.2010 Rs.	As at 31.03.2009 Rs.	As at 31.03.2010 Rs.
1	LAND	15,88,523			15,88,523					15,88,523	15,88,523
2	FACTORY BUILDINGS	18,29,00,505	5,07,125		18,34,07,630	6,30,99,857	60,87,907		6,91,87,764	1,14,219,866	11,98,00,648
3	NON-FACTORY BUILDINGS										
	NON-RESIDENTIAL	2,31,52,448	0		2,31,52,448	39,76,801	1,72,438		41,49,239	1,90,03,209	1,91,75,647
	RESIDENTIAL	1,20,47,345	1,18,02,471		2,38,49,816	28,60,263	4,25,580		32,85,843	2,05,63,973	91,87,082
4	PLANT & MACHINERY	1,27,83,73,369	1,53,26,354	43,52,803	1,28,93,46,920	66,23,24,917	6,07,57,735	38,64,914	71,92,17,738	57,01,29,182	61,60,48,452
5	GENERATORS	4,70,75,087			4,70,75,087	4,13,28,457	15,55,579		4,28,84,036	41,91,051	57,46,630
6	TESTING EQUIPMENT	49,67,540			49,67,540	31,21,682	1,93,501		33,15,183	16,52,357	18,45,858
7	CANTEEN EQUIPMENT	15,188			15,188	961	721		1,682	13,506	14,227
8	ELECTRICAL INSTALLATIONS	4,68,59,601	2,51,727		4,71,11,328	2,39,46,804	21,81,219		2,61,28,023	2,09,83,305	2,29,12,797
9	WORKSHOP EQUIPMENT	9,88,723	2,950		9,91,673	9,42,287	8,616		9,50,903	40,770	46,136
10	WEIGHING MACHINES	12,43,904			12,43,904	9,37,882	54,256		9,92,138	2,51,766	3,06,022
11	WATER WORKS	34,53,950	24,620		34,78,570	8,60,906	56,369		9,17,275	25,61,295	25,93,044
12	FURNITURE	45,99,513	4,69,342		50,68,855	31,63,402	1,95,802		33,59,204	17,09,651	14,36,111
13	OFFICE EQUIPMENT	33,79,459	2,70,712		36,50,171	16,99,039	1,38,314		18,37,353	18,12,818	16,80,420
14	AIR CONDITIONER	19,44,684	2,95,207		22,39,891	10,34,381	69,301		11,03,682	11,36,209	9,10,303
15	VEHICLES	1,88,94,435	17,61,785	9,18,500	1,97,37,720	49,59,338	18,69,296	3,73,654	64,54,980	1,32,82,740	1,39,35,097
16	DATA PROCESSING EQUIPMENT	99,90,424	2,26,938		1,02,17,362	86,91,071	2,80,427		89,71,498	12,45,864	12,99,353
	<b>TOTAL</b>	1,64,14,74,698	3,09,39,231	52,71,303	1,66,71,42,626	82,29,48,048	7,40,47,061	42,38,568	89,27,56,541	77,43,86,085	81,85,26,650
	Add: Capital Work in Progress	12,32,006	22,83,346	19,26,022	22,83,346					22,83,346	12,32,006
	Less: Internal transfer	1,64,27,06,704	3,32,22,577	71,97,325	1,66,94,25,972	82,29,48,048	7,40,47,061	42,38,568	89,27,56,541	77,66,69,431	81,97,58,656
	<b>TOTAL</b>	1,64,27,06,704	3,12,96,555	52,71,303	1,66,94,25,972	82,29,48,048	7,40,47,061	42,38,568	89,27,56,541	77,66,69,431	81,97,58,656
	Previous Year	1,57,71,74,296	6,76,27,475	20,95,067	1,64,27,06,704	75,04,44,784	7,34,66,548	9,63,284	82,29,48,048	81,97,58,656	82,67,29,512



## SCHEDULES FORMING PART OF THE ACCOUNTS

			As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 6</b>				
<b>INVESTMENTS - LONG TERM - AT COST - NON - TRADED</b>				
	Face Value	No. of Shares		
<b>- Quoted</b>				
Jindal Polyester & Steels Ltd	10	500	48,750	48,750
Artefact Software & Finance Ltd	10	2000	20,000	20,000
Merbank Finance & Services Ltd	10	2000	20,000	20,000
Andhra Bank	10	5700	57,000	57,000
ICICI Bank Ltd	10	100	3,500	3,500
			<u>1,49,250</u>	<u>1,49,250</u>
 <b>Aggregate market value of Quoted Investments of Rs.10,70,465/-</b> (Previous year Rs.4,77,925/-)				
 <b>- Unquoted</b>				
National Savings Certificates of the year 1980 (Pledged as security with Central Excise Dept.)			<u>11,500</u>	<u>11,500</u>
			<u>11,500</u>	<u>11,500</u>
<b>TOTAL</b>			<u>1,60,750</u>	<u>1,60,750</u>
 <b>SCHEDULE - 7</b>				
<b>INVENTORIES:</b>				
(Valued and certified by the Management. Valued at cost unless otherwise stated)				
Raw Materials			25,61,09,260	10,06,98,659
Stores & Spares			2,55,51,727	2,47,04,378
Yarn (Lower of Cost or Net reliable value)			6,71,38,686	7,16,70,909
Stock-in-Process			4,20,99,184	3,46,76,091
Waste Cotton (at Realisable value)			10,34,860	8,18,254
Garments (Lower of Cost or Net reliable value)			1,23,90,733	60,61,387
<b>TOTAL</b>			<u>40,43,24,450</u>	<u>23,86,29,678</u>
 <b>SCHEDULE - 8</b>				
<b>SUNDRY DEBTORS:</b>				
(Unsecured, considered Good)				
Due over Six Months			72,10,361	1,09,09,663
Others			14,64,95,272	11,27,04,736
<b>TOTAL</b>			<u>15,37,05,633</u>	<u>12,36,14,399</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash on Hand	11,66,466	1,52,123
Balance With Scheduled Banks:		
In Current Accounts (Note 1)	2,08,74,181	1,10,54,093
In Margin Money Deposits (Note 2)	3,43,14,812	2,07,03,524
With Post Office:		
In Savings Bank Account	2,000	2,000
(Deposit kept as security with Central Excise Departments)		
<b>TOTAL</b>	<b>5,63,57,459</b>	<b>3,19,11,740</b>

1. Current accounts includes unpaid dividend of Rs. 3,94,241/- (Previous year 400,405/-).
2. Deposits are Pledged with Andhra Bank and State Bank of Hyderabad against guarantees and Letter of Credits.

## SCHEDULE - 10

### LOANS & ADVANCES:

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

Advances to Supplies & Others	2,62,36,171	24,50,303
Advances to Employees	9,32,655	13,47,729
Advance to Land	5,49,000	49,000
Balance with Government Department	77,65,208	70,62,941
Deposits Recoverable	2,43,87,365	2,52,56,685
Deposits Paid under protest	14,49,189	55,34,651
Subsidies Receivable	1,40,46,394	91,14,595
Interest Receivable	42,82,705	21,49,221
Export Licence/Receivable	6,17,62,590	5,32,02,182
Pre-paid Expenses	12,39,579	12,15,622
Advance Tax & TDS Receivable (Net)	42,64,114	38,33,181
Other Receivable	26,93,994	-
MAT Credit entitlement	1,77,87,528	1,77,87,528
<b>TOTAL</b>	<b>16,73,96,492</b>	<b>12,90,03,638</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - II</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS:</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors for:		
- Due to Micro and small enterprices	11,30,673	2,65,895
- Others	24,36,56,217	9,81,34,158
Sundry Creditors for Expenses	6,02,07,124	4,72,25,450
Sundry Creditors for Others	17,95,929	1,15,25,290
Unclaimed Dividend *	3,94,241	4,00,405
Security Deposits Payable	5,28,190	20,38,190
Advances Received against Sales	19,64,434	1,14,14,310
<b>TOTAL</b>	<b>30,96,76,808</b>	<b>17,10,03,698</b>

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

## SCHEDULES FORMING PART OF THE ACCOUNTS

	For the Year ended 31-03-2010 (Rs.)	For the Year ended 31-03-2009 (Rs.)
<b>SCHEDULE - 12</b>		
<b>SALES:</b>		
Yarn and Fabric	1,56,35,79,530	1,36,82,98,365
Garments	23,99,58,032	16,69,38,817
Cotton Waste and Others	6,83,05,563	6,92,31,683
<b>TOTAL</b>	<b>1,87,18,43,125</b>	<b>1,60,44,68,865</b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME:</b>		
Interest earned (TDS of Rs.3,14,069 /Previous Year of Rs. 3,11,185)	30,55,044	30,04,104
Job Work Charges	1,52,582	78,21,323
Sale of scrap	24,77,780	12,20,200
Divinded Receivied	26,750	15,075
Insurance Claims	12,13,843	6,03,886
Profit on Sale of Fixed Assets	21,59,763	-
Credit Balance Written Back	2,37,849	11,64,261
Excess provision written back	4,19,705	10,96,293
Foreign exchange fluctuation	46,19,308	-
Miscellaneous Receipts	2,56,124	70,477
<b>TOTAL</b>	<b>1,46,18,748</b>	<b>1,49,95,619</b>
<b>SCHEDULE - 14</b>		
<b>MATERIALS CONSUMED:</b>		
OPENING STOCK	10,06,98,659	9,23,53,500
Add: Purchases	1,29,82,25,926	1,04,60,12,903
	<b>1,39,89,24,585</b>	<b>1,13,83,66,403</b>
Less: Closing Stocks	25,61,09,260	10,06,98,659
<b>TOTAL</b>	<b>1,14,28,15,325</b>	<b>1,03,76,67,744</b>
<b>SCHEDULE - 15</b>		
<b>STORES CONSUMED:</b>		
Consumable Stores	2,51,11,661	2,38,13,722
Packing Materials	2,76,59,704	2,43,28,061
<b>TOTAL</b>	<b>5,27,71,365</b>	<b>4,81,41,783</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	For the Year ended 31-03-2010 (Rs.)	For the Year ended 31-03-2009 (Rs.)
<b>SCHEDULE - 16</b>		
<b>POWER &amp; FUEL:</b>		
Electricity Charges	17,12,37,671	17,39,13,829
Fuel Consumed	50,25,380	40,05,896
<b>TOTAL</b>	<b>17,62,63,051</b>	<b>17,79,19,725</b>
<b>SCHEDULE - 17</b>		
<b>PAYMENTS AND BENEFITS TO EMPLOYEES:</b>		
Salaries, Wages and Bonus	11,78,37,478	10,30,29,628
Contribution to Provident Fund and ESI	71,60,703	62,28,631
Gratuity	29,49,658	26,81,242
Welfare Expenses	63,14,895	45,78,991
<b>TOTAL</b>	<b>13,42,62,734</b>	<b>11,65,18,492</b>
<b>SCHEDULE - 18</b>		
<b>OTHER EXPENSES:</b>		
Rent	8,67,550	8,48,626
Rates & Taxes	2,98,01,752	3,75,84,531
Security Charges	-	1,51,639
Training Charges	1,25,46,456	1,31,45,366
Printing & Stationery	8,39,941	7,46,736
Postage, Telegrams and Telephones	18,72,877	21,69,776
Travelling & Conveyance	1,04,68,481	66,20,744
Managerial Remuneration	59,48,680	59,03,200
Directors' Sitting Fees & Expenses	1,24,000	91,788
Advertisement	1,61,599	1,73,597
Commission on Sales	1,29,19,362	1,26,46,085
Expenses on Sales	2,41,80,305	2,67,37,472
Insurance	36,10,973	35,08,275
Auditors' Remuneration	2,00,746	1,91,371
Legal & Professional Charges	19,87,485	13,44,764
Repairs to : Buildings	27,96,136	13,96,239
: Machinery	2,96,57,654	1,90,71,030
: Other Assets	26,60,684	20,52,523
Vehicle Maintenance	55,39,415	55,89,064
Bad debts and Debit balance written off	1,89,360	49,275
Donations	79,840	45,000
Loss on Sale of Fixed Assets	2,73,952	7,82,450
Miscellaneous Expenses	1,37,22,116	1,06,81,528
Prior Period Expenses	2,87,464	28,84,485
<b>TOTAL</b>	<b>16,07,36,828</b>	<b>15,44,15,564</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	For the Year ended 31-03-2010 (Rs.)	For the Year ended 31-03-2009 (Rs.)
<b>SCHEDULE - 19</b>		
<b>FINANCE CHARGES</b>		
Interest on Term Loans	4,88,75,745	4,44,24,281
Interest on Working Capital Loans	2,86,15,085	4,07,00,956
Interest on Others	51,67,461	44,38,667
Bank & Finance Charges	48,44,744	78,43,727
<b>TOTAL</b>	<b>8,75,03,035</b>	<b>9,74,07,631</b>
<b>SCHEDULE - 20</b>		
<b>(INCREASE) /DECREASE IN STOCKS:</b>		
<b>Opening Stocks:</b>		
Yarn	7,16,70,905	10,54,90,930
Cotton waste	8,18,258	13,25,942
Stock-in-Process	60,61,387	4,93,08,597
Garments	3,46,76,091	95,24,335
<b>TOTAL (A)</b>	<b>11,32,26,641</b>	<b>16,56,49,804</b>
<b>Closing Stocks:</b>		
Yarn	6,71,38,686	7,16,70,905
Garments	1,23,90,733	60,61,387
Stock-in-Process	4,20,99,184	8,18,258
Cotton waste	10,34,860	3,46,76,091
<b>TOTAL (B)</b>	<b>12,26,63,463</b>	<b>11,32,26,641</b>
<b>(INCREASE)/DECREASE IN STOCKS:</b>	<b>(94,36,822)</b>	<b>5,24,23,163</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-21

#### I. Notes Forming part of the Balance sheet as at 31st March,2010 and Profit & Loss Account for the year ended on that date

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>Contingent liabilities not provided for on account of:</b>		
a) Foreign Bills Discounted	4,46,09,128	71,04,335
b) Letters of Credit - Inland	-	4,14,01,216
- Foreign	-	5,40,29,771
c) Bank Guarantees	71,91,922	71,91,922

2. During the year 2005-06, the company recognized an income of Rs.653.06 Lakhs being export incentive under the Target Plus Scheme in terms of the then prevailing Foreign Trade Policy. The Govt., of India, Ministry of Commerce vide their Notification No.8(RE-2006)/ 2004-09 dated 12.06.06 retrospectively reduced the benefit of entitlement from 15% to 5% on the exports effected since 01.04.2005. The company has since received duty free credit entitlement for Rs.217.68 Lakhs @ 5% and for the balance 10%, the Company has contested before the Hon'ble High Court at Mumbai for the retrospective reduction of the export incentive by the Government of India. The High Court has granted an interim stay of the notification and the matter is pending for final orders.
3. The Government of Andhra Pradesh has extended the incentive of Sales Tax deferral scheme, to the company pursuant to which the company can avail the deferment of Sales Tax liability on sales effected out of production from the units of Bhongir, Nalgonda Dist and Aliabad, R.R.Dist to the extent of Rs.20.80 Crores and Rs.9.05 Crores respectively. The Deferred Sales Tax is repayable after expiry of 14 years from the year of availment. The Company has availed a Sales Tax Deferrment of Rs.3,25,75,628/- (Previous Year Rs.3,15,95,556/-) in case of Bhongir Unit up to 31st March, 2010 and Rs.76,53,944 in case of Aliabad Unit upto 31st March, 2009. The Aliabad Unit has not availed Sales Tax Deferrment during the year 2009-10. The repayment of said Sales Tax Deferrment shall commence from the years 2011 & 2016 for Bhongir and Aliabad Units respectively. The repayment schedule is given below:

Financial year	Amount
2010-11	39,583
2011-12	7,04,167
2012-13	5,34,923
2013-14	1,46,647
2014-15	14,71,150
2015-16	45,68,734
2016-17	28,82,317
2017-18	67,48,919
2018-19	34,87,821
2019-20	75,58,755
2020-21	70,81,635
2021-22	14,77,864
2022-23	25,46,985
2023-24	9,80,072
<b>TOTAL</b>	<b>4,02,29,572</b>

4. Balances of Debtors, Creditors, Advances and Loans etc are subject to confirmations and reconciliations.
5. During the year Company has issued the 19,50,000 shares of Rs.10/- at a Premium of Rs.5/- per Share through private placement for augmenting long term resources of the Company and the funds have been utilised for the same purpose.
6. In the opinion of the Board, the Current Assets and Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

7. **Deferred Taxation :**

In accordance with Accounting StandardS-22 'Accounting for taxes on Income' issued by Institute of Chartered Accountants of India.

**Components of Deferred Tax**

	<b>As at 31.03.2010 Rs.</b>	<b>As at 31.03.2009 Rs.</b>
Deferred Tax Asset on account of:		
Carry forward Loss	<b>21,12,51,322</b>	21,10,95,351
Employee Benefits	<b>60,91,785</b>	49,58,019
	<b><u>21,73,43,107</u></b>	<b><u>21,60,53,369</u></b>
Deferred Tax Liability on account of:		
Depreciation	<b>14,29,98,916</b>	17,73,41,432
Deferred revenue Expenses	-	94,478
	<b><u>14,29,98,916</u></b>	<b><u>17,74,35,910</u></b>
Deferred Tax Asset/(Liability) (Net)	<b>7,43,44,191</b>	3,86,17,460

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

8. Interest paid, payable or accrued and due to Micro and small enterprises Rs. NIL (Previous Year Rs. NIL)



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-21 (Contd.)

	For the year ended 31-03-2010		For the year ended 31-03-2009	
	Kgs	Rs.	Kgs	Rs.
<b>9. LICENCED AND INSTALLED CAPACITIES:</b>				
a) <b>Licensed Capacity</b> : No.of Spindles	1,50,000		1,50,000	
: No.of Rotors	1,008		1,008	
: Dyed Yarn	685		685	
: Garments (Pcs)	32,00,000		32,00,000	
b) <b>Installed Capacity</b> : No.of Spindles	98,288		98,288	
: No.of Rotors	168		168	
: Garments(Pcs)	20,00,000		15,00,000	
(The installed capacity has been certified by the management and not verified by auditors being a technical matter)				
c) <b>PRODUCTION &amp; SALES:</b>				
i) Production of Yarn	1,23,19,831		1,19,21,718	
Add : Purchase of yarn	–		–	
Less : Captive Consumption	51,326		2,93,473	
	<u>1,22,68,505</u>		<u>1,16,28,245</u>	
ii) Production of Garments (Pcs)	16,04,496		10,72,576	
d) <b>Sales</b>				
Yarn	1,24,25,061	1,52,54,42,672	1,18,76,028	1,36,82,98,365
Garments (Pcs)	15,36,475	23,99,58,032	10,85,106	16,69,38,817
Waste Cotton & others		6,83,05,563		6,92,31,683
		<u>1,83,37,06,267</u>		<u>1,60,44,68,865</u>
e) <b>Traded Goods -Sales</b>				
Cotton	4,96,668	3,81,36,858	–	–
		<u>3,81,36,858</u>		<u>–</u>
<b>TOTAL SALES</b>		<u>1,87,18,43,125</u>		<u>1,60,44,68,865</u>
<b>10. TRADED GOODS - PURCHASES</b>				
Cotton	4,96,668	3,69,98,124	–	–
		<u>3,69,98,124</u>		<u>–</u>
<b>11. OPENING &amp; CLOSING STOCKS</b>				
a) <b>Opening Stocks:</b>				
Yarn	6,16,840	7,16,70,909	8,64,623	10,54,90,930
Waste Cotton	44,549	8,18,254	78,374	13,25,942
Garments(Pcs)	41,685	60,61,387	54,215	95,24,335
b) <b>Closing Stocks:</b>				
Yarn	4,60,284	6,71,38,686	6,16,840	7,16,70,909
Waste Cotton	66,325	10,34,860	44,549	8,18,254
Garments(Pcs)	1,09,706	1,23,90,733	41,685	60,61,387

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-21 (Contd.)

	For the year ended 31-03-2010		For the year ended 31-03-2009	
	Kgs	Rs.	Kgs	Rs.
<b>12A. RAW MATERIALS CONSUMED:</b>				
Cotton	84,32,842	54,14,70,512	99,52,524	65,15,76,354
Viscose Staple Fibre	3,28,727	3,96,26,511	1,43,712	1,59,89,715
Polyester Staple Fibre	54,98,215	36,96,89,198	43,29,336	28,14,45,170
Yarn		15,57,49,335		4,45,12,239
Dyeing Materials		27,59,611		55,59,051
Fabric knitting & processing charges		3,35,20,158		3,85,85,215
		<u>1,14,28,15,325</u>		<u>103,76,67,744</u>
<b>12B. TRADED GOODS CONSUMED:</b>	4,96,668	3,69,98,124	0	0
<b>13. PERCENTAGE OF MATERIALS AND STORES CONSUMED:</b>				
Indigenous	95.94%	1,14,69,99,710	92.92%	98,62,79,534
Imported	4.06%	4,85,86,980	7.08%	7,52,01,932
	<u>100.00%</u>	<u>1,19,55,86,690</u>	<u>100%</u>	<u>1,06,14,81,466</u>
<b>14. REMUNERATION TO DIRECTORS:</b>				
A) CHAIRMAN AND MANAGING DIRECTOR				
i) Salary		10,80,000		1080000
ii) Perquisites				
HRA		4,32,000		432000
Medical		90,000		90000
L T C		90,000		90000
Subscription to Clubs		2,400		2400
		<u>16,94,400</u>		<u>1694400</u>
B) JOINT MANAGING DIRECTOR				
i) Salary		9,60,000		9,60,000
ii) Perquisites				
HRA		3,84,000		3,84,000
Medical		80,000		80,000
L T C		80,000		80,000
Subscription to Clubs		3,120		3,120
Contribution to Provident Fund		9,360		9,360
		<u>15,16,480</u>		<u>15,16,480</u>
C) EXECUTIVE DIRECTOR				
i) Salary		8,64,000		8,64,000
ii) Perquisites				
HRA		3,45,600		3,45,600
Medical		72,000		72,000
L T C		72,000		72,000
Subscription to Clubs		8,760		8,760
Contribution to Provident Fund		9,360		9,360
		<u>13,71,720</u>		<u>13,71,720</u>
D) WHOLE TIME DIRECTOR				
i) Salary		8,64,000		8,64,000
ii) Perquisites				
HRA		3,45,600		3,45,600
Medical		72,000		72,000
L T C		72,000		72,000
Subscription to Clubs		3,120		3,120
Contribution to Provident Fund		9,360		9,360
		<u>13,66,080</u>		<u>13,66,080</u>
		<b>5948680</b>		<b>5948680</b>

Due to inadequacy of profits the minimum remuneration is paid for the year.

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-21 (Contd.)

	For the year ended 31-03-2010	For the year ended 31-03-2009
	Rs.	Rs.
<b>15. Auditor's Remuneration includes</b>		
Audit Fees as Auditors	99,270	94,858
Tax Audit Fees	55,150	52,393
Tax Representation Fees	14,339	14,339
For Certification	31,987	29,781
	<b>2,00,746</b>	<b>1,91,371</b>
<b>16. Expenditure in Foreign currency during the year on account of:</b>		
a) Purchase of : Machinery	4,15,506	4,05,38,888
b) : Stores & Spares	29,78,947	61,14,411
c) : Raw materials	-	6,90,87,521
d) Commission on Exports	25,99,019	87,23,940
e) Foreign Travel	14,20,560	10,82,376
<b>17. Earnings in Foreign Exchange:</b>		
F O B value of exports	33,06,56,034	21,72,48,202

### 18. Segment information for the year ended 31.03.2010

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

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

SL.NO	PARTICULARS	Year ended 31.03.10	Year ended 31.03.09
1.	Segment Wise Revenue (Net Sales+Other Income)		
a.	Yarn	16,197	14,357
b.	Garments	2,666	1,837
c.	Others		
	<b>TOTAL</b>	<b>18,863</b>	<b>16,194</b>
2.	Segment Result-Profit/Loss Before tax and interest from each segment		
a.	Yarn	899	(526)
b.	Garments	295	112
c.	Others	(14)	
	<b>TOTAL</b>	<b>1,180</b>	<b>(414)</b>
	Less: Interest	875	974
	loss/ Profit before tax	305	(1,388)
3.	Capital Employed (Segment Assets-Segment Liabilities)		
a.	Yarn	10,320	9,546
b.	Garments	1,721	1,592
	<b>TOTAL</b>	<b>12,042</b>	<b>11,139</b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE-21 (Contd.)

#### 19. Related party disclosure

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

##### A: Associates

1. Suryavanshi Industries Limited
2. Suryalaxmi Cotton Mills Limited

##### B: Key Managerial Personnel:

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

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

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

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

Rs. in Lakhs

Particulars	Current Year			Previous Year		
	Associates	Key Managerial Personnel	Relatives of Key Managerial	Associates	Key Managerial Personnel	Relatives of Key Managerial
1. Remuneration		59.49			59.49	
2. Amount receivable at the end of the year	4.40			4.40		
3. Purchase of Goods	2,352.70			415.03		
4. Services			4.80			4.80
<b>20. EARNING PER SHARE(EPS):</b>						
a) Net profit available for Equity Share Holders (Rs.)		3,04,51,303			(13,93,99,008)	
b) Weighted average Number of Equity Shares used as denominator for calculating EPS (Nos.)		1,32,70,923			1,13,18,673	
c) Basic and Diluted Earnings per Share of Rs.10 each (Rs.)		2.29			(12.32)	

## 21. EMPLOYEE BENEFITS:

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

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

<b>Profit and Loss account:</b>	<b>Year ended 31.03.10</b>	<b>Year ended 31.03.09</b>
Current service cost	<b>5,25,270</b>	5,29,126
Interest cost	<b>11,66,935</b>	11,70,957
Actuarial Gain / loss	<b>12,57,453</b>	9,60,563
Net benefit expense	<b>29,49,658</b>	26,60,646
<b>Balance Sheet:</b>		
Opening balance of benefit obligations	<b>1,45,86,698</b>	1,46,36,960
Current service cost	<b>5,25,270</b>	5,29,126
Interest cost	<b>11,66,935</b>	11,70,957
Actuarial Gain / loss	<b>12,57,453</b>	9,60,563
Benefits paid	<b>(25,16,526)</b>	(27,10,908)
Closing balance of benefit obligations	<b>1,50,19,830</b>	14,58,698

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

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

22. Previous years figures have been regrouped wherever necessary. Paise have been rounded off to nearest rupee.

## SIGNIFICANT ACCOUNTING POLICIES:

### 1. ACCOUNTING CONVENTION:

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

### 2. FIXED ASSETS:

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

### 3. INVENTORIES:

Raw Materials and Stores & Spares are valued under weighted average Method. Finished goods are Valued at cost or net realisable value whichever is lower. Waste is valued at Net relisable value. Work in progress is valued at cost.

**4. INVESTMENTS:**

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

**5. CONTINGENT LIABILITIES:**

Contingent Liabilities not provided for are indicated by way of note will be paid or provided on crystallisation of Liability.

**6. EMPLOYEE BENEFITS:**

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

Company's contribution to provident fund determined under the relevant statute are charged to revenue. Gratuity contribution has been made as per actuarial valuation under projected unit credit method. Liability on account of Leave encashment has been provided on the basis of actual liability at the end of the year.

**7. FOREIGN EXCHANGE TRANSACTIONS:**

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

**8. DEFERRED TAX:**

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

**9. SALES TAX:**

Sales inclusive of Export Benefits receivable and Sales Tax Collected

10. Export Benefits on Exports are accounted on accrual basis

11. Insurance Claims are accounted for on admission or on receipt

12. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if at previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost

(Signatures to Schedules I to 21)

As per our report of even date

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

**K.S. RAO**

Partner

Membership No. 15850

Place : Hyderabad

Date : 20.05.2010

**K.N. NEVATIA**

General Manager

(Finance & Accounts)

**B.R.S. REDDY**

Vice President (Corp. Affairs)

and Company Secretary

For and on behalf of the Board

**B.N. AGARWAL**

Chairman & Managing Director

**R.K. AGARWAL**

Joint Managing Director

**Dr. Akkineni Nageswara Rao**

Director

## Cash Flow Statement for the year ended 31st March, 2010

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>				
Net Profit/ (loss) before tax and extraordinary items		<b>3,05,01,174</b>		(13,87,74,123)
<b>Adjustments for:</b>				
Finance Charges	<b>8,75,03,035</b>		9,74,07,631	
Depreciation	<b>7,40,47,059</b>		7,34,66,548	
Loss on sale of Fixed Assets	<b>2,73,952</b>		7,82,450	
Preliminary expenses Written Off	–		2,77,957	
Bad debts and Debit Balances Written Off	<b>1,89,360</b>		49,275	
Excess Provision & Credit Balance Written Back	<b>(6,57,554)</b>		(22,60,554)	
Interest Earned	<b>(30,55,044)</b>		(30,04,104)	
Profit on Sale of Fixed Assets	<b>(21,59,763)</b>		–	
Dividend Received	<b>(26,750)</b>	<b>15,61,14,295</b>	(15,075)	16,67,04,128
Operating profit before working capital changes		<b>18,66,15,469</b>		2,79,30,005
<b>Adjustments for:</b>				
Inventories	<b>(16,56,94,772)</b>		4,55,73,082	
Receivables	<b>(3,02,80,594)</b>		5,57,64,600	
Loans & Advances	<b>(3,58,09,847)</b>		1,93,57,041	
Current Liabilities	<b>13,93,30,664</b>	<b>(9,24,54,549)</b>	(7,66,01,646)	4,40,93,077
Cash generated from Operations		<b>9,41,60,920</b>		7,20,23,082
Direct taxes paid (Including TDS receivable)		<b>(4,80,804)</b>		(17,18,858)
<b>Net Cash flow from Operating Activities (A)</b>		<b>9,36,80,116</b>		<b>7,03,04,224</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Acquisition of Fixed Assets (Including Capital Work in progress)		<b>(3,12,96,555)</b>		(6,76,27,475)
Proceeds from sale of Assets		<b>29,18,545</b>		3,49,333
Proceeds from sale of Investments		–		–
Dividend Received		<b>26,750</b>		15,075
Interest Received		<b>9,21,560</b>		1,28,61,635
<b>Net cash used in investing Activities (B)</b>		<b>(2,74,29,700)</b>		<b>(5,44,01,432)</b>

## Cash Flow statement (Contd.)

	2009-10		2008-09	
	Rs	Rs	Rs	Rs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings		<b>7,41,51,870</b>		7,96,37,236
Repayment of Borrowings		<b>(5,71,92,078)</b>		(1,31,81,513)
Proceeds from Issue of Equity Share Capital		<b>2,92,50,000</b>		–
Interest paid		<b>(8,80,14,489)</b>		(9,03,18,571)
Dividends paid		–		–
Corporate Dividend Tax paid		–		–
<b>Net Cash used in Financing Activities (C)</b>		<b>(4,18,04,697)</b>		<b>(2,38,62,848)</b>
Net Decrease in cash and cash equivalents (A+B+C)		<b>2,44,45,719</b>		(79,60,056)
Cash/Cash Equivalents as at 01st Apr, 2009	<b>3,19,11,740</b>		3,98,71,796	
Cash/Cash Equivalents as at 31st Mar, 2010	<b>5,63,57,459</b>	<b>(2,44,45,719)</b>	<b>3,19,11,740</b>	79,60,056

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

**K.S. RAO**  
Partner  
Membership No. 15850  
Place : Hyderabad  
Date : 20.05.2010

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

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

For and on behalf of the Board

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



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

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

### I. Registration Details

Registration No.	2390	State Code:	01
Balance Sheet Date: 31st March, 2010			(All Rupees in 000's)

### II. Capital raised during the year

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	19,500

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

Total Liabilities	13,04,578	Total Assets	13,04,578
-------------------	-----------	--------------	-----------

#### Source of Funds

Paidup Capital	1,32,687	Reserves and Surplus	2,77,263
Secured Loans	8,54,399	Unsecured Loans	40,230

#### Application of Funds

Net Fixed Assets	7,76,669	Investments	161
Net Current Assets	4,72,107	Misc.Expenditure	55,641

### IV. Performance of Company

Turnover	18,86,462	Total Expenditure	18,55,961
Profit before Tax	30,501	Profit after Tax	30,451
Earnings Per Share in Rs.	2.29	Dividend rate	Nil

### V. Generic Names of Three Principal

Products/Services of Company  
(as per monetary terms)

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

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

#### K.S. RAO

Partner  
Membership No. 15850

Place : Hyderabad  
Date : 20.05.2010

#### K.N. NEVATIA

General Manager  
(Finance & Accounts)

#### B.R.S. REDDY

Vice President (Corp. Affairs)  
and Company Secretary

For and on behalf of the Board

#### B.N. AGARWAL

Chairman & Managing Director

#### R.K. AGARWAL

Joint Managing Director

#### Dr. Akkineni Nageswara Rao

Director





# SURYAVANSHI SPINNING MILLS LIMITED

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

## ATTENDANCE SLIP

**31st Annual General Meeting, 29th September, 2010 at 10.00 A.M.**

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

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

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

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

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

Name :

Address :

I hereby record my presence at 31st Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 at 10.00 A.M at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 003.

SIGNATURE OF THE MEMBER OF THE PROXY ATTENDING THE MEETING

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

\*Applicable for investors holding shares in electronic form



# SURYAVANSHI SPINNING MILLS LIMITED

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

## PROXY FORM

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

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

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

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

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

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

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

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

of \_\_\_\_\_ as my /our proxy to attend and vote on my /our behalf at the 31st

Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 at 10.00 AM at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 003.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Rs.1/-  
Revenue  
Stamp and  
sign across

Note :

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



**Book Post**  
Printed Matter



Bale Plucker



Embroidery Machine

*If Undelivered, please return to:*

