

Contents

	Page Nos
Board Of Directors _____	3 - 3
Notice _____	4 - 6
Directors' Report _____	7 - 12
Management Discussion and Analysis _____	13 - 14
Report on Corporate Governance _____	15 - 23
Auditor's Report _____	24 - 27
Balance Sheet _____	28 - 28
Profit & Loss Account _____	29 - 29
Schedules forming part of the Accounts _____	30 - 48
Notes on Accounts _____	49 - 50
Cash Flow Statement _____	51 - 52
Balance Sheet Abstract _____	53 - 53
Green Initiative _____	54 - 54
Attendance Slip/Proxy Form _____	55 - 55

Important Communication to Members

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

BOARD OF DIRECTORS

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

Vice President (Corporate Affairs) & Company Secretary

Sri B.R.S.Reddy

Vice President (Finance & Accounts)

Sri B. Somasekhara Rao

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) 31060333
Fax Nos.(040) 40040554

SALES DEPOT

SSM Compound, No. 86, Mangalam Road,
Tirupur, 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
- Unit - IV** Garment Division
Plot No. 28 B, IDA, Bhongir,
Nalgonda Dist. Andhra Pradesh - 508 116

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of **Suryavanshi Spinning Mills Limited** will be held on Friday, the 29th July, 2011, at 10.00 A.M. at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad- 500 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2011 and Balance Sheet as on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of **Dr.Akkineni Nageswara Rao**, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Sri D.K.Agarwal**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint 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.
5. **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 second charge basis on pari passu basis among the second charge holders in favour of :

Andhra Bank of Rs.9275 lakhs (Fund Based Rs.4255 lakhs and Non-Fund Based Rs.5020 lakhs).

State Bank of Hyderabad of Rs.2966.25 lakhs (Fund Based Rs.1720.25 lakhs and Non-Fund Based Rs.1246 lakhs).

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 and State Bank of Hyderabad 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 Andhra Bank / State Bank of Hyderabad shall rank second and subservient to the charges created / to be created by the Company in favour of ICICI, IDBI, SBI and Andhra Bank to secure the term loans sanctioned / to be sanctioned by them..

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with Andhra Bank/State Bank of Hyderabad, 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 : 27th May, 2011

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, 22nd July, 2011 to Friday, 29th July, 2011 (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.

Andhra Bank, Sultan Bazar, Hyderabad vide its letter No.205/1/44S/1167 dated 08.01.2011 has sanctioned Working Capital Limits of Rs.12260 lakhs.

State Bank of Hyderabad, Commercial Branch, Secunderabad vide its letter No.F/ADV/1151 dated 04.01.2011 has sanctioned Working Capital Limits of Rs.4114 lakhs.

The Company has already created mortgage by way of second charge ranking pari passu on the working capital bankers on the fixed assets of the company to secure the working capital facilities of

1. Andhra Bank Rs.2985 lakhs (Fund Based Rs.2040 lakhs and Non Fund Based Rs.945 Lakhs)
2. State bank of Hyderabad Rs.1147.75 lakhs (Fund Based Rs.893.75 lakhs and Non Fund Based Rs.254 Lakhs).
3. ICICI Bank Rs.572.25 lakhs (Fund Based Rs.456.25 lakhs and Non Fund Based Rs.116 lakhs)

On the request of the company, Andhra Bank and State Bank of Hyderabad have taken over the working capital facilities sanctioned by ICICI Bank Limited.

As per the terms of the sanction of Andhra Bank and State Bank of Hyderabad, the company has to create mortgage by way of second charge on its immovable properties to secure the Additional Working Capital facilities of :

Andhra Bank of Rs.9275 lakhs (Fund Based Rs.4255 lakhs and Non-Fund Based Rs.5020 lakhs)

State Bank of Hyderabad of Rs.2966.25 lakhs (Fund Based Rs.1720.25 lakhs and Non-Fund Based Rs.1246 lakhs)

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, consent of members by way of ordinary resolution is required pursuant to 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 : 27th May, 2011

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present their 32nd Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2011.

	(Rs. in Lakhs)	
	2010-11	2009-10
Financial Results		
Net Turnover including other income	29,057.02	18,864.62
Gross profit before financial charges & Depreciation	3,274.46	1,920.51
Less: Depreciation	744.81	740.47
Finance charges	915.46	875.03
Profit/(Loss) Before Taxation	1,614.19	305.01
Provision for Wealth Tax	0.31	0.50
Profit/(Loss) after taxation	1,613.88	304.51
Profit/(Loss) Brought Forwarded from last year	(556.41)	(860.92)
Balance carried to Balance Sheet	1,057.47	(556.41)

OPERATIONS

The Indian Textile Industry has done well after coming out of the recession. The Company's operations resulted in an improved turnover of Rs.290.57 Crores registering a good growth of about 54.02% over the previous year. The profit after tax was at Rs.16.14 Crores as against the Rs.3.05 Crores in the previous year. This reflects the overall improvement in all facets of the business.

RAW MATERIALS:

During the year the prices of Raw Materials has drastically increased by about 61.81%. All other inputs such as consumables, packing, repairs and maintenance to machineries have increased due to inflation. The ratio to Raw Materials to revenue has increased from 60.57% to 63.64%.

YARN:

The aggregate production of Yarn, during the year 2010-11, in Bhongir and Aliabad units in Andhra Pradesh and Rajna in Madhya Pradesh was 137.86 lakhs Kgs as against the production of 123.20 lakhs Kgs during the previous year.

READYMADE GARMENTS:

Improved international market scenario in the current year coupled with increased realization, enabled the company to achieve better performance. Readymade Garment's production during the year 2010-11 was 20.08 lakh pieces as against 16.04 lakh pieces in the previous year, thus registering a growth of about 25%.

DIVIDEND

With a view to conserve the financial resources, the Board of Directors are not recommending Dividend during the year under review.

CAPITAL EXPENDITURE

Continuous Modernization is essential in the Spinning Industry to meet the stringent quality parameters and during the year under review, incurred capital expenditure of Rs. 684.23 Lakhs for up-gradation of machinery and balancing equipments at its units as against Capital Expenditure of Rs.332.22 lakhs in the previous year.

EXPORTS

The exports during the year were Rs.12150.16 lakhs (including merchant exports of Rs.387.13 lakhs) as against the export turnover of Rs.3462.15 lakhs (including merchant exports of Rs.137.07 lakhs) during the previous year registering a significant growth of around 250.94% over the previous year.

With the revival from the economic slow down in the major markets abroad, export of textiles products from the Country has picked up. The Company has concentrated on continuous product development and

significant quality improvement and developed the value added products. The increased business from the existing customers is an indication of the trust the Company enjoys in the market place. The company also explored the new markets in the overseas markets of German and European countries for exports of readymade garments and absorbent bleached cotton. The company has substantially improved the various styles of readymade garments to suit the requirement of German and European countries

FUTURE OUTLOOK

The company proposes to increase the spindleage from 98288 spindles to 125504 spindles by setting up state of art new spinning unit of 27216 spindles and expansion and modernization of all three existing spinning units. The company also proposes to increase the garments capacity from 10000 pieces per day to 20000 pieces per day by setting up state of art new garment unit with capacity of 10000 pieces per day. The estimated project cost for new spinning unit and modernization cum expansion is around Rs.109.47 crores and for new garment unit is around Rs.7.38 crores with the on going expansion proposals the prospects of the company are expected to be promising.

DIRECTORS

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

Though Sri.D.K.Agarwal was appointed as Whole-time Director for a period of five years w.e.f. 01.10.2007 by the members at the Annual General Meeting held on 26.09.2008, to comply with the statutory requirement of retirement of Directory by rotation, pursuant to Sections 255 and 256 of the Companies Act, 1956, the appointment of Sri.D.K.Agarwal is subject to retirement by rotation. Accordingly, Sri.D.K.Agarwal is retiring by rotation on his reappointment, by the Members at the ensuing Annual General Meeting, the other terms and

conditions of appointment of Sri.D.K.Agarwal as Whole-time Director shall remain unaltered.

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.

AUDIT COMMITTEE

The Audit Committee met five times during the year under review.

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.

GREEN INITIATIVE

As part of "Green Initiative for Corporate Governance", recently, the government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication

This will ensure prompt communication and avoid loss of documents in transit.

Hence, shareholders are requested to register their email Id's with their depository participants or with the Registrars of the company M/s.Sathguru Management Consultants Private Limited.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Company confirms:

- I. 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, 2011 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, 2011 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 at 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 the Companies (Particulars of Employees) Rules, 1975 and hence the prescribed information is not required to be given.

ACKNOWLEDGEMENTS

The Board of Directors is 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 the employees at all levels for their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors

(B.N.Agarwal)

Chairman & Managing Director

Place : Secunderabad

Date : 27th May, 2011

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:

An energy audit was undertaken by a firm of consultants to improve upon the energy conservation measures. The recommendations from the audit were implemented. The Company's consumption of energy per unit of production is on par with other companies in the industry.

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

The above measures have reduced the cost of production.

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

FORM A

Form for disclosure of particulars with respect to conservation of energy

	2010-11	2009-10
I. Power & Fuel consumption		
a) Purchased		
Units	57043769	50006566
Total amount (Rs. lakhs)	2246.94	1712.38
Rate / Unit (Rs.)	3.93	3.42
b) Own Generation		
i) Through Generator (LDO/HSD/FO)		
Unit Nos.	40820	197957
Unit per liter of Diesel Oil	1.82	3.00
Cost Per Unit (Rs.)	21.95	14.27
ii) Through Steam generation	N.A.	N.A.
Turbine / Generator	N.A.	N.A.
2. COAL (Tonnes) (Specify the quality and where used) (E/F Grade, Process)	1075.00	321
3. Furnace Oil	N.A.	N.A.
4. OTHERS/INTERNAL GENERATORS (Please give details)	N.A.	N.A.

Consumption Per Unit of Production

Consumption per Kg of Production	Standards (if any)	2010-11	2009-10
Electricity (no of units)	--	4.14	3.95
Furnace Oil	Nil	Nil	Nil
Coal (Specify Quality)	Nil	Nil	Nil
Others (Specify)	Nil	Nil	Nil

B. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form B.

FORM-B

Form of disclosure of particulars with respect to technology absorption

A. Research and Development R & D

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

B. Technology absorption, adaptation and innovation

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|--|--|
| (a) Activities relating to exports initiatives taken to increase exports development of new export markets and export plans. | Exports of the company amounts to Rs.12150.16 lakhs to various countries like U.S.A, Iran, Hongkong, Belgium, Italy, Turket, Morocco, Brazil, Chile, Taiwan and Argentina etc., have been made. The Company is exploring new markets for export of its products. |
|--|--|

(b) Total foreign exchange used and earned

(Rs.in Lakhs)

	2010-11	2009-10
(i) Foreign Exchange Earned		
FOB Value of Exports	11,492.30	3,306.56
CIF Value of Exports	11,762.92	3,363.00
ii) Foreign Exchange used		
a) Commission on exports	94.40	25.99
b) Foreign Travel Expenses	23.37	14.29
c) Raw material	610.91	–
d) Plant & Machinery	–	4.16
e) Spare Parts	71.20	25.99

For and on behalf of the Board of Directors

(B.N.Agarwal)
Chairman & Managing Director

Place : Secunderabad
Date : May 27, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

INDUSTRY STRUCTURE, DEVELOPMENTS AND PRODUCT WISE PERFORMANCE.

The Company manufactures Cotton Yarns, Blended Yarns, Polyester Viscose Yarns and Readymade Garments.

Textile Industry has an overwhelming presence in the economic life of the country. It contributes about 14% to industrial production 4% to the GDP and 17% to the country's foreign exchange earnings, and is the largest employer, next only to agriculture providing direct employment to about 38 million people. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticate mill sector at the other. The decentralized powerlooms / hosiery and knitting sector form the largest section of the Textiles Sector. The yarn industry comprises 3044 mills (including SSI) with installed spindle age of about 39.50 million. Three Fourths of the production in the spinning industry is from the private sector and the balance from the Cooperative / Public Sector units.

The Indian textile industry has now recovered from the global recession and is enjoying the fruits of a robust demand both within the country and abroad.

Yarn

Yarn Division has turned out a better performance on account of the improvement in the average realizations which in turn were due to the demand, spiralling gray cloth and raw cotton prices. The performance of the segment would have been better but for shortage of trained labour.

With the revival from the economic slow down in the major markets abroad, export of textiles products from the Country has picked up. The Company has concentrated on value added products with continuous

product development and significant quality improvement. The Company has continued to add new customers. The increased business from the existing customers is an indication of the trust the Company enjoys in the market place. The exports during the year were Rs.12150.16 lakhs including merchant exports of Rs.387.13 lakhs as against the export turnover of Rs.3462.15 lakhs including merchant exports of Rs.137.07 lakhs during the previous year registering a magnificent growth of around 250.94% over the previous year.

Opportunities and threats, risks and concerns

The Indian Textile and clothing has potential to reach \$ 220 billion by 2020. The domestic market has potential to grow to \$ 140 billion and exports to \$ 80 billion by 2020. Developed countries are shifting to Asian countries for sourcing their requirement. India is being considered as a reliable supplier. The increase in cotton production due to BT cotton and decision of Government of India to extend TUF benefits again is an added advantage for Indian Textile Industry.

Any increase in manufacturing and input costs like power, labour and raw-material and also intense competition from other developing countries like China, Pakistan etc., are considered as threat to Indian Textile Industry.

Apart from the rigid labour laws which particularly affect the Garment sector heavily dependent on export business, the lack of adequate trained workers and infrastructural support in terms of availability of power at competitive rates, still continue to hold back the industry from growing at a faster rate. The industry hopes that the Government will proactively take necessary steps in this direction.

The most notable risk factor is the availability of the main raw material i.e., cotton itself, being an agricultural commodity and is hence subject to all the vagaries of monsoon and other natural forces.

The Indian Textile Industry is in a position to capitalize on the problems, China's economy is facing with the Cotton output in China going down and other costs of production going up. There is an increased interest in the Indian market for supplying to the global giants like Walmart,

GAP, etc. The labour problems in the Bangladesh economy have also contributed for the upswing in the Indian industry.

The Indian Industry also has to face all these problems with inadequate infrastructural support and needs to consolidate on the revival of the economy and strengthen itself in such a way as to weather the cyclical fluctuations in future.

The Indian industry also has to face all these problems with inadequate infrastructural support. A positive development is the decision of the Government to extend the TUFs benefit again.

Internal Control Systems and their adequacy.

The Company has an adequate internal control system commensurate with the size and complexity of the organization. The Company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the Company and also upgraded the Information Technology support systems. 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, Aliabad and Rajna units of the Company. 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 1520.

Discussion on financial performance

The Indian Textile Industry has done well after coming out of the recession. The Company's operations resulted in an improved turnover of Rs. 290.57 Crores registering a good growth of about 54.02% over the previous year. The profit after tax was at Rs. 16.14 Crores as against the profit of Rs. 3.05 Crores in the previous year. This reflects the overall improvement in all facets of the business.

The good performance is on account of increased production in the Yarn division and Garments division by 12% and 25% respectively.

The aggregate production of Yarn, during the year 2010-11 in Bhongir and Aliabad units in Andhra Pradesh and Rajna in Madhya Pradesh was 137.87 lakh Kgs as against the production of 123.20 lakh Kgs during the previous year.

The aggregate production of Garments during the year 2010-11 in Bhongir and Aliabad units in Andhra Pradesh was 20.08 lakh Pcs as against the production of 16.04 lakh Pcs during the previous year.

The raw material prices have gone up by 61.81%. The increase in cost could be absorbed on account of favourable condition in industry and the improved production.

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 31.03.2011 / Number of other Board of Directors or Committees of which Member/Chairman.

Name of the Directors	Category	No.of other Directorships in public limited companies	No.of other Board Committees of which	
			Member	Chairman
Sri. B.N. Agarwal	Chairman & Managing Director-Promoter/ Executive	Nil	Nil	Nil
Sri. Rajender Kumar Agarwal	Joint Managing Director Promoter - Executive	1 - Director	Nil	Nil
Sri. Jeetender Kumar Agarwal	Executive Director Promoter - Executive	1 - Director	1	Nil
Sri.Devender Kumar Agarwal	Wholetime Director Promoter - Executive	1 - Director	1	1
Sri.R.Surender Reddy	Director Non-Executive - Independent	2 - Chairman 7 - Director	Nil Nil	Nil Nil
Sri.B.N.Rathi	Director Non-Executive - Independent	1 - Chairman 1 - Director	Nil 2	Nil Nil
Dr. Akkineni Nageswara Rao	Director Non-Executive - Independent	4 - Director	2	1
Sri.G.Ganesh	IDBI Nominee Director Non-Executive - Independent	Nil	Nil	Nil

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

During the Financial year ended 31st March, 2011, Nine Board Meetings were held on 06-April-10, 20-May-10, 01-July-10, 02-Aug-10, 26-Aug-10, 29-Oct-10, 17-Jan-11, 28-Jan-11, 31-March-11

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, 2010 to 31st March, 2011	Whether present at the last Annual General Meeting held on 29-09-2010
Sri. B. N.Agarwal	9	Present
Sri. Rajender Kumar Agarwal	9	Present
Sri. Jeetender Kumar Agarwal	9	Present
Sri. Devender Kumar Agarwal	9	Present
Sri. R. Surender Reddy	8	Present
Sri. B.N.Rathi	7	Present
Dr. Akkineni Nageswara Rao	7	Absent
Sri. G. Ganesh	4	Absent

REAPPOINTMENT OF RETIRING DIRECTORS

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

Dr. Akkineni Nageswara Rao:

Dr. Akkineni Nageswara Rao, is a Cine Artist by profession and has been on the Board since 18th January 1992. Dr. Akkineni Nageswara Rao is one of the most well known Cine Artists in the State having acted in more than 250 films and has been recipient of several prestigious National Awards including Dada Saheb Phalke Award and Padma Vibhushan. A well known Philanthropist, he is associated with several cultural and educational institutions. Dr. Akkineni Nageswara Rao holds 400 no.of equity shares in the company as on March 31st, 2011.

Names of the companies in which Dr. Akkineni Nageswara Rao is a Director.

1. Suryajyoti Spinning Mills Ltd.
2. Suryalakshmi Cotton Mills Ltd.
3. Akkineni Agros Pvt. Ltd.
4. Annapurna Apex Chemicals Pvt. Ltd.
5. Heart Animation Academy Pvt. Ltd.
6. Heart Entertainment Ltd.

Sri D.K.Agarwal :

Sri.D.K.Agarwal, Promoter Executive Director, graduated in Commerce and he was first appointed on the Board on 6th September 1994 has wide experience in Marketing Operations and he is associated with the Company for the last 18 years. Sri.D.K.Agarwal holds 282638 no. of equity shares in the company as on March 31st, 2011. Sri.D.K.Agarwal is also a director of Suryavanshi Industries Limited.

3. AUDIT COMMITTEE:

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

During the financial year March 31, 2011 - Five Audit Committee Meetings were held on 20-May-10, 02-Aug-10, 29-Oct-10, 17-Jan-11 & 28-Jan-11.

Name	No. of the Meetings attended
Sri.R.Surender Reddy	5
Dr.Akkineni Nageswara Rao	5
Sri J.K.Agarwal	5
Sr.G.Ganesh	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. Sri 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, 2011, one Remuneration Committee Meeting was held on 20th May, 2010.
- 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 01.04.2010 to 31.03.2011)

Name of the Directors	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Total Remuneration (Rs.)
B N Agarwal	Chairman & Managing Director	10,80,000	6,14,400	16,94,400
Rajender Kumar Agarwal	Joint Managing Director	9,60,000	6,62,800	16,22,800
J.K.Agarwal	Executive Director	8,64,000	6,05,005	14,69,005
D.K.Agarwal	Whole-time Director	8,64,000	5,96,800	14,60,800

Sitting Fees

Name of the Director	Designation	Amount (Rs.)
Sri R.Surender Reddy	Director	24,000
Sri B.N.Rathi	Director	18,500
Dr. A.Nageswara Rao	Director	23,500
Sri G.Ganesh	IDBI Nominee Director	14,000

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 resolutions 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. Akkineni 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 :
No. of Complaints received for the 4th Quarter - 8 Nos.
No. of Complaints received for the Year ended 31st March 2011 - 15 Nos.
- 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
2007-08	26/09/2008	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 003.	10.00 A.M.
2008-09	30/09/2009	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 003.	10.00 A.M.
2009-10	29/09/2010	Gayatri Gardens, Near Diamond Point Hotel, Secunderabad - 500 003.	10.00 A.M.

- b) Special resolutions passed at the last 3 Annual General Meetings

Special Resolutions were passed at the Annual General Meetings held on 26th September, 2008, 30th September, 2009 and 29th September, 2010.

- c) Whether Special resolutions were put through postal ballot last year, details of voting pattern. Special resolutions were passed through postal ballot for :
- Insertion of new Clause 14 & 15 after the existing sub clause 13 to the other object clause III (c) of the Memorandum of Association for generation of electricity and mining activity etc. respectively.
 - For commencing of the new business activity mentioned above.

Details of voting pattern:

Particulars	Number of Members	Number of Votes	Percentage of Votes
Total Postal ballots Received	157	7079874	100
Postal Ballots - Invalid/Neutral	5	827	0.01
Postal Ballots - in favour of the Resolution	152	7079047	99.99
Postal Ballots - against the Resolution	0	0	0

The Special Resolution Nos. 1 & 2, as set out in the Notice of postal ballot dated 2nd August, 2010 were accordingly carried by the requisite majority.

- d) Person who conducted the postal ballot exercise.

Shri K V Chalama Reddy, Practising Company Secretary (Scrutinizer).

- e) 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.

- f) Procedure for postal ballot.

Prescribed procedure shall be complied with whenever necessary.

7. DISCLOSURES

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

Name of the party	Relationship	Nature of Transaction	Current Year Amount (Rs.)
Shri B N Agarwal Chairman & Managing Director	Key Management	Remuneration	1694400
Shri R K Agarwal Joint Managing Director	Key Management	Remuneration	1622800
Shri J.K. Agarwal Executive Director	Key Management	Remuneration	1469005
Shri D.K.Agarwal Whole Time Director	Key Management	Remuneration	1460880
Smt Narmada Bai	Wife of Shri B N Agarwal	Lease rentals	1,60,000
Smt Yamuna Devi Agarwal	Wife of Shri R K Agarwal	Lease rentals	1,60,000
Smt.Meenal Agarwal	Wife of Shri J K Agarwal	Lease rentals	1,60,000
Mr.Rishikesh Agarwal (1st October, 2009 to 31st March, 2011) Vice President - Marketing	Son of Shri R K Agarwal	Remuneration	9,00,000
M/s Suryavanshi Industries Ltd	Enterprise in which the Promoters directors are interested	Purchase of Goods	44,81,89,000

- b) CEO / CFO Certification

In terms of Clause 49(V) of the Listing Agreement, the Certificate duly signed by Managing Director and Manager (Accounts) of the Company was placed before the Board of Directors along with the financial statements for the year ended March 31, 2011, at its meeting held on 27.05.2011.

- c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. : NIL
- d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements.

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 are not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website 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.

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
- 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
- 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 July, 2011
Time : 10.00 A.M.
Venue : Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel,
Secunderabad - 500 003.
- b) Financial Year : 1st April 2010 to 31st March 2011
- c) Date of Book Closure : 22nd July, 2011 to 29th July, 2011 (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, 2010	25.25	19.95	18,047.86	17,276.80
May, 2010	25.90	22.50	17,536.86	15,960.15
June, 2010	28.50	23.30	17,919.62	16,318.39
July, 2010	35.50	26.35	18,237.56	17,395.58
August, 2010	45.10	30.90	18,475.27	17,819.99
September, 2010	38.00	30.65	20,267.98	18,027.12
October, 2010	36.60	30.25	20,854.55	19,768.96
November, 2010	41.85	32.70	21,108.64	18,954.82
December, 2010	36.50	30.25	20,552.03	19,074.57
January, 2011	33.50	26.05	20,664.80	18,038.48
February, 2011	29.45	21.05	18,690.97	17,295.62
March, 2011	24.80	21.25	19,575.16	17,792.17

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) - 30160333,
Fax No - 40040554
Email ID : sta@sathguru.com

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 31.03.2011.

Sr.No.	Category	No.of Shares held	Percentage Shareholding
	Promoters	7054063	53.15
	Mutual Funds	700	0.01
	Banks & Financial Institutions	115462	0.87
	FII's	NIL	0.00
	Private Corporate Bodies	2687040	20.25
	NRI's	38319	0.29
	Indian Public	3375339	25.43
	TOTAL	13270923	100.00

Distribution of shareholding

Nominal Value	Shareholders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto 5000	6619	88.93	8786060	6.62
5001 - 10000	383	5.15	3163070	2.38
10001 - 20000	200	2.69	3101470	2.34
20001 - 30000	65	0.87	1668210	1.26
30001 - 40000	28	0.38	1006390	0.76
40001 - 50000	38	0.51	1769020	1.33
50001 - 100000	41	0.55	3003530	2.26
100001 and above	69	0.93	110211480	83.05
TOTAL	7443	100.00	132709230	100.00

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) 10088859 shares amounting to 76.02 % of the Capital have been dematerialised by investors as on 31st March, 2011.

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) : 040 - 30160333
Fax No - 040 -40040554.
Email ID : sta@sathguru.com

- 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 - 508116, 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) : 040 - 30160333
Fax No - 040 - 40040554.
Email ID : sta@sathguru.com

- 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(s) : 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 27, 2011.

Declaration on Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Suryavanshi Spinning Mills Limited Code of Conduct for the year ended March 31, 2011.

for SURYAVANSHI SPINNING MILLS LIMITED

Place : Secunderabad
Date : 27th May, 2011.

B.N. Agrawal
Chairman & Managing Director

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 31st March, 2011 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of

Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011, no investor grievances are pending against the Company as on 27th May, 2011 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. 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 : 27th May, 2011

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, 2011 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 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 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 the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - 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 : 27th May, 2011

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 companies 1956 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, 2011.
- c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

Sl. No	Nature of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
1	M.P.Sales Tax Act	Sales Tax dues	3,39,773/-	2003-2004	Asst. Commissioner (Appeal) Sales Tax, Chindwara, Madhya Pradesh.
2	M.P.Sales Tax Act	Sales Tax dues	7,25,736/-	2004-2005	Asst. Commissioner (Appeal) Sales Tax, Chindwara, Madhya Pradesh.
3	Andhra Pradesh General Sales Tax (APGST) Act, 1957	Sales Tax dues	27,98,569/-	2001-2002	Hon'ble A.P. High Court, Hyderabad
4	Andhra Pradesh General Sales Tax (APGST) Act, 1957. (Case filed by Bharat Petroleum Corporation Ltd)	Sales Tax dues	40,27,677/-	1997-1998	Addl. Chief Judge, City Civil Court, Secunderabad.
5	Customs Act 1962	Interest on Customs duty	20,32,054/-	2003-2004	Hon'ble High Court, Jabalpur Madhya Pradesh

10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. 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 not been used for long term investment.
18. During the year, the Company has not made any preferential allotment of Shares to parties or companies covered in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. During the year, the Company has not issued any debentures and therefore the question of creating security 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 : 27th May, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule Reference	As at 31.03.2011		As at 31.03.2010	
		Rs	Rs	Rs	Rs
SOURCES OF FUNDS:					
Share Holders' Funds:					
Share Capital	1	13,26,86,730		13,26,86,730	
Reserves and Surplus	2	<u>38,30,10,132</u>		<u>27,72,62,779</u>	
			51,56,96,862		40,99,49,509
Loan Funds:					
Secured Loans	3	93,97,34,956		85,43,99,266	
Unsecured Loans	4	<u>3,92,09,917</u>		<u>4,02,29,572</u>	
			97,89,44,873		89,46,28,938
TOTAL			<u>1,49,46,41,735</u>		<u>1,30,45,78,347</u>
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	5	1,66,77,10,755		1,66,71,42,626	
Less: Depreciation		<u>95,67,36,450</u>		<u>89,27,56,541</u>	
Net Block		71,09,74,305		77,43,86,085	
Add:Capital Works in Progress		<u>5,87,65,019</u>		<u>22,83,346</u>	
			76,97,39,324		77,66,69,431
Investments	6		5,08,795		1,60,750
Current Assets, Loans and Advances:					
Inventories	7	69,20,63,886		40,43,24,450	
Sundry Debtors	8	23,03,73,197		15,37,05,633	
Cash and Bank Balances	9	5,99,16,264		5,63,57,459	
Loans and Advances	10	<u>18,24,27,684</u>		<u>16,73,96,492</u>	
		1,16,47,81,031		78,17,84,034	
Less: Current Liabilities and Provisions					
Current Liabilities	11	41,91,19,823		29,33,62,273	
Provisions		<u>2,12,67,592</u>		<u>1,63,14,535</u>	
		44,03,87,415		30,96,76,808	
Net Current Assets			72,43,93,616		47,21,07,226
Profit and Loss account			-		5,56,40,940
TOTAL			<u>1,49,46,41,735</u>		<u>1,30,45,78,347</u>
Notes on Accounts	21				
Significant Accounting Policies	22				

The Schedules referred to above and Notes on Accounts form an integral part of balance sheet

As per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Frims Regn.No. 0005135

K.S. Rao
Partner
Membership No. 15850

Place : Hyderabad
Date : 27.05.2011

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, 2011

Particulars	Schedule Reference	For the Year ended 31-03-2011 (Rs.)	For the Year ended 31-03-2010 (Rs.)
INCOME:			
Sales	12	2,89,11,81,029	1,87,18,43,125
Other Income	13	1,45,21,182	1,46,18,748
TOTAL		2,90,57,02,211	1,88,64,61,873
EXPENDITURE:			
Raw Materials Consumed	14	1,84,92,43,814	1,14,28,15,325
Purchase of Traded Goods		17,49,18,073	3,69,98,124
Stores Consumed	15	6,67,98,950	5,27,71,365
Power and Fuel	16	22,56,32,643	17,62,63,051
Payments and Benefits to Employees	17	19,04,11,711	13,42,62,734
Other Expenses	18	24,66,03,571	16,07,36,828
Finance Charges	19	9,15,46,297	8,75,03,035
Depreciation	5	7,44,81,366	7,40,47,059
Decrease/(Increase) in Stocks	20	(17,53,53,149)	(94,36,822)
TOTAL		2,74,42,83,276	1,85,59,60,699
Profit for the year		16,14,18,935	3,05,01,174
Less: Provision for Taxation:			
- Wealth Tax of earlier years		30,642	49,871
Profit after Taxation		16,13,88,293	3,04,51,303
Loss brought forward from last year		(5,56,40,940)	(8,60,92,243)
Balance Carried to Balance Sheet		10,57,47,353	(5,56,40,940)
Earnings Per Share (Face value Rs.10) (Basic and Diluted)		12.16	2.29
Notes on Accounts	21		
Significant Accounting Policies	22		

The Schedules referred to above and Notes on Accounts form an integral part of Profit and Loss Account.

As per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms Regn.No. 0005135

K.S. Rao
Partner
Membership No. 15850

Place : Hyderabad
Date : 27.05.2011

For and on behalf of the Board

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

B.N. Agarwal
Chairman & Managing Director

R.K. Agarwal
Joint Managing Director

Dr. Akkineni Nageswara Rao
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - I		
SHARE CAPITAL:		
Authorised:		
3,52,50,000 Equity Shares of Rs.10/- each	35,25,00,000	35,25,00,000
Issued, Subscribed and Paid up:		
1,32,70,923 (Previous year 1,32,70,923) 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)	13,27,09,230	13,27,09,230
Less: Allotment Money in Arrears (Dues from Directors Rs. Nil)	22,500	22,500
TOTAL	13,26,86,730	13,26,86,730

SCHEDULE - 2

RESERVES AND SURPLUS:

Particulars	Balance as at 01.04.2010 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Balance as on 31.03.2011 Rs.	Balance as at 31.03.2010 Rs.
Reserves :					
Security Premium Account	27,30,99,719	-	-	27,30,99,719	27,30,99,719
Capital Redemption Reserve	8,00,000	-	-	8,00,000	8,00,000
State Subsidy	22,63,060	-	-	22,63,060	22,63,060
Export Allowance Reserve	11,00,000	-	-	11,00,000	11,00,000
TOTAL	27,72,62,779	-	-	27,72,62,779	27,72,62,779
Surplus:					
Profit and loss account	(5,56,40,940)	16,13,88,293	-	10,57,47,353	(5,56,40,940)
TOTAL	22,16,21,839	16,13,88,293	-	38,30,10,132	22,16,21,839

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 3		
SECURED LOANS:		
A) Term Loans:		
1) Rupee Term Loan from :		
a) ICICI Bank Ltd.	2,57,31,227	2,57,19,903
b) IDBI Bank Ltd.	10,99,60,577	15,79,84,895
c) State Bank of India IFB	2,46,24,736	4,28,36,292
d) Bank of Rajasthan Ltd	14,28,72,000	16,35,00,000
e) Andhra Bank	1,13,79,821	2,00,00,000
f) Andhra Bank - WCTL	4,09,00,000	4,42,00,000
g) State Bank of Hyderabad - WCTL	1,71,25,000	1,78,00,000
2) Buyers Credit from State Bank of India, Tokyo (Against L C from Andhra Bank)	5,29,82,400	4,65,00,000
3) Interest accrued and Due		
a) IDBI Bank Ltd.	79,85,910	-
b) Andhra Bank	4,28,569	11,80,444
c) ICICI Bank Ltd.	-	33,41,292
	43,39,90,240	52,30,62,826
B) Working Capital Loans from:		
Andhra Bank	34,80,18,462	21,78,15,377
State Bank of Hyderabad	15,04,87,272	7,65,80,208
ICICI Bank Ltd	-	3,40,55,159
	49,85,05,734	32,84,50,744
C) Vehicle Loans from Banks		
	72,38,982	28,85,696
TOTAL	93,97,34,956	85,43,99,266

NOTES:-

- Term Loans above are secured by mortgage of fixed assets present and future of the company except WCTL on pari passu basis. All the term loans are guaranteed by four Directors of the Company.
- 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.
- Vehicle loans from banks are secured by hypothecation of vehicles.

SCHEDULE - 4

UNSECURED LOANS

Sales Tax Deferment	3,92,09,917	4,02,29,572
TOTAL	3,92,09,917	4,02,29,572

**SCHEDULE - 5
 FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	ADDITIONS	DELETIONS	As at 31.03.2011	Upto 31.03.2010	For the Year	Deduction	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	15,88,523	-	-	15,88,523	-	-	-	-	15,88,523	15,88,523
FACTORY BUILDINGS	18,34,07,630	-	-	18,34,07,630	6,91,87,764	61,25,815	-	7,53,13,579	10,80,94,051	11,42,19,866
NON FACTORY BUILDINGS										
NON RESIDENT	2,31,52,448	-	-	2,31,52,448	41,49,239	3,77,385	-	45,26,624	1,86,25,824	1,90,03,209
-RESIDENT	2,38,49,816	-	-	2,38,49,816	32,85,843	3,88,752	-	36,74,595	2,01,75,221	205,63,973
PLANT AND MACHINERY	1,28,93,46,920	-	34,13,139	1,28,59,33,781	71,92,17,738	6,08,70,560	29,39,866	77,71,48,432	50,87,85,349	57,01,29,182
GENERATORS	4,70,75,087	-	79,60,032	3,91,15,055	4,28,84,036	11,60,922	75,61,591	3,64,83,367	26,31,688	4,19,1051
TESTING EQUIPMENT	49,67,540	-	-	49,67,540	33,15,183	1,66,521	-	34,81,704	14,85,836	16,52,357
CANTEEN EQUIPMENT	15,188	6,70,382	-	6,85,570	1,682	4,289	-	5,971	6,79,599	13,506
ELECTRICAL INSTALLATIONS	4,71,11,328	-	-	4,71,11,328	2,61,28,023	21,68,119	-	2,82,96,142	1,88,15,186	2,09,83,305
WORKSHOP EQUIPMENT	9,91,673	-	-	9,91,673	9,50,903	5,105	-	9,56,008	35,665	40,770
WEIGHING MACHINES	12,43,904	1,85,885	-	14,29,789	9,92,138	53,989	-	10,46,127	3,83,662	2,51,766
WATER WORKS	34,78,570	-	-	34,78,570	9,17,275	56,701	-	9,73,976	25,04,594	25,61,295
FURNITURE	50,68,855	-	-	50,68,855	33,59,204	2,05,020	-	35,64,224	15,04,631	17,09,651
OFFICE EQUIPMENT	36,50,171	62,511	-	37,12,682	18,37,353	1,41,046	-	19,78,399	17,34,283	18,12,818
AIR CONDITIONERS	22,39,891	7,03,081	-	29,42,972	11,03,682	91,804	-	11,95,486	17,47,486	11,36,209
VEHICLES	1,97,37,720	97,25,676	-	2,94,63,396	64,54,980	23,29,556	-	87,84,536	2,06,78,860	1,32,82,740
DATA PROCESSING	1,02,17,362	5,93,765	-	1,08,11,127	89,71,498	3,35,782	-	93,07,280	15,03,847	12,45,864
TOTAL	1,66,71,42,626	1,19,41,300	1,13,73,171	1,66,77,10,755	89,27,56,541	7,44,81,366	1,05,01,457	95,67,36,450	71,09,74,305	77,43,86,085
Add:Capital Work in Progress	22,83,346	5,64,81,673	-	5,87,65,019	-	-	-	-	5,87,65,019	22,83,346
TOTAL	1,66,94,25,972	6,84,22,973	1,13,73,171	1,72,64,75,774	89,27,56,541	7,44,81,366	1,05,01,457	95,67,36,450	76,97,39,324	77,66,69,431
Previous year	1,64,27,06,704	3,19,90,571	52,71,303	1,66,94,25,972	82,29,48,048	7,40,47,059	42,38,566	89,27,56,541	77,66,69,431	81,97,58,656

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 6		
INVESTMENTS		
(Long Term - At Cost - Non - Traded)		
A. Quoted	Face Value	No. of Shares
i) Jindal Polyester & Steels Ltd	10	500
ii) Artefact Software & Finance Ltd	10	2000
iii) Merbank Finance & Services Ltd	10	2000
iv) Andhra Bank	10	5700
v) ICICI Bank Ltd	10	100
vi) COAL INDIA LIMITED	10	441
		48,750
		20,000
		20,000
		57,000
		3,500
		1,08,045
		2,57,295
		48,750
		20,000
		20,000
		57,000
		3,500
		–
		1,49,250
Aggregate market value of Quoted Investments of Rs.14,24,711/- (Previous year Rs.10,70,465/-)		
B. Unquoted		
i) National Savings Certificates of the year 1980 (Pledged as security with Central Excise Dept.)		11,500
ii) Suryavanshi integrated apparel park Ltd	10	24,000
		11,500
		2,40,000
		2,51,500
		–
		11,500
TOTAL		5,08,795
		1,60,750
SCHEDULE - 7		
INVENTORIES:		
(Valued and certified by the Management. Valued at cost unless otherwise stated)		
Raw Materials		36,73,49,078
Stores & Spares		2,66,98,196
Yarn		24,45,43,434
Stock-in-Process		4,27,04,220
Waste Cotton (at Realisable value)		16,32,223
Garments		91,36,735
		25,61,09,260
		2,55,51,727
		6,71,38,686
		4,20,99,184
		10,34,860
		1,23,90,733
TOTAL		69,20,63,886
		40,43,24,450
SCHEDULE - 8		
SUNDRY DEBTORS:		
(Unsecured, considered Good)		
Debts outstanding for a period exceeding six months		30,33,947
Others		22,73,39,250
		72,10,361
		14,64,95,272
TOTAL		23,03,73,197
		15,37,05,633

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 9		
CASH & BANK BALANCES:		
Cash on Hand	2,13,729	11,66,466
With Scheduled Banks:		
In Current Accounts	1,77,82,483	2,08,74,181
In Fixed Deposits (Margin Money Deposits)	4,19,18,052	3,43,14,812
With Post Office:		
In Savings Bank Account	2,000	2,000
(Deposit kept as security with Central Excise Departments)		
TOTAL	5,99,16,264	5,63,57,459

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

SCHEDULE - 10

LOANS & ADVANCES:

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

Advances: to Supplies & Others	3,48,94,132	2,62,36,171
for Investment	1,09,02,500	-
for Land	5,49,000	5,49,000
Due from Staff	13,74,995	932,655
Balance with Government Department	53,21,681	77,65,208
Deposits Recoverable	2,99,07,811	2,43,87,365
Deposits Paid under protest	8,80,848	14,49,189
Subsidies Receivable	98,48,583	1,40,46,394
Interest Receivable	24,08,949	42,82,705
Export Licence/Receivable	5,61,58,844	6,17,62,590
Pre-paid Expenses	26,86,515	12,39,579
Advance Tax & TDS Receivable (Net)	97,06,298	42,64,114
Other Receivable	-	26,93,994
MAT Credit entitlement	1,77,87,528	1,77,87,528
TOTAL	18,24,27,684	16,73,96,492

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - II		
CURRENT LIABILITIES & PROVISIONS:		
a) CURRENT LIABILITIES :		
Sundry Creditors for:		
- Due to micro and small enterprises*	21,85,514	11,30,673
- Others	33,02,86,645	24,36,56,217
Expenses	6,28,26,972	4,38,92,589
Other finance	20,01,977	17,95,929
Unclaimed Dividend **	3,94,241	3,94,241
Security Deposits Payable	5,34,597	5,28,190
Advances Received against Sales	2,08,89,877	19,64,434
TOTAL	41,91,19,823	29,33,62,273
b) PROVISIONS:		
Provision for Gratuity	1,92,05,871	1,50,19,830
Provision for Leave encashment	20,61,721	12,94,705
	2,12,67,592	1,63,14,535
GRAND TOTAL	44,03,87,415	30,96,76,808

* Based on the information available with the company on which auditors have placed reliance

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

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	For the Year ended 31.03.2011 (Rs.)	For the Year ended 31.03.2010 (Rs.)
SCHEDULE - 12		
SALES:		
Yarn and Fabric	2,28,08,18,931	1,56,35,79,530
Garments	32,77,92,869	23,99,58,032
Cotton Waste and others	7,60,49,255	6,83,05,563
Traded Goods	20,65,19,974	-
TOTAL	2,89,11,81,029	1,87,18,43,125
SCHEDULE - 13		
OTHER INCOME:		
Interest earned (TDS of Rs. 4,18,068 / previous year of Rs. 3,14,069)	40,07,440	30,55,044
Miscellaneous Receipts	38,132	1,52,582
Sale of scrap	19,58,508	24,77,780
Divinded Receivied	37,819	26,750
Insurance Claims	-	12,13,843
Profit on Sale of Fixed Assets	1,132,226	21,59,763
Credit Balance and Excess provision Written Back	1653836	657554
Job Work Charges	-	46,19,308
Foreign exchange fluctuation (Net)	56,93,221	2,56,124
TOTAL	1,45,21,182	1,46,18,748
SCHEDULE -14		
MATERIALS CONSUMED:		
Opening Stock	25,61,09,260	10,06,98,659
Add: Purchases	1,96,08,34,405	1,29,82,25,926
	2,21,69,43,665	1,39,89,24,585
Less: Cost of Raw Materials Sold	3,50,773	-
Less: Closing Stocks	36,73,49,078	25,61,09,260
TOTAL	1,84,92,43,814	1,14,28,15,325
SCHEDULE - 15		
STORES CONSUMED:		
Consumable Stores	2,89,59,153	2,51,11,661
Packing Materials	3,78,39,797	2,76,59,704
TOTAL	6,67,98,950	5,27,71,365

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	For the Year ended 31.03.2011 (Rs.)	For the Year ended 31.03.2010 (Rs.)
SCHEDULE - 16		
POWER AND FUEL:		
Electricity Charges	22,07,21,300	17,12,37,671
Fuel Consumed	49,11,343	50,25,380
TOTAL	22,56,32,643	17,62,63,051
SCHEDULE - 17		
PAYMENTS AND BENEFITS TO EMPLOYEES:		
Salaries, Wages and Bonus	16,64,45,361	11,78,37,478
Contribution to Provident Fund and other funds	88,54,971	53,20,057
Gratuity	61,28,673	29,49,658
Welfare Expenses	89,82,706	81,55,541
TOTAL	19,04,11,711	13,42,62,734
SCHEDULE - 18		
OTHER EXPENSES:		
Rent	8,75,260	8,67,550
Rates and Taxes	3,99,42,105	2,98,01,752
Training Charges	33,46,431	1,25,46,456
Printing and Stationery	8,95,929	8,39,941
Postage, Telegrams and Telephones	17,89,591	18,72,877
Travelling and Conveyance	1,15,15,682	1,04,68,481
Managerial Remuneration	59,03,200	59,48,680
Directors' Sitting Fees	80,000	1,24,000
Advertisement	3,47,709	1,61,599
Commission on Sales	2,88,82,528	1,29,19,362
Expenses on Sales	4,54,16,634	2,41,80,305
Insurance	43,61,401	36,10,973
Auditors' Remuneration	2,15,085	2,00,746
Legal & Professional Charges	14,38,744	19,87,485
Repairs and Maintenance to : Buildings	62,08,472	27,96,136
: Plant and Machinery	4,87,89,561	2,96,57,654
: Other Assets	1,03,77,731	26,60,684
Vehicle Maintenance	83,27,521	55,39,415
Bad debts and Debit balance written off	53,65,187	1,89,360
Donations	1,03,185	79,840
Loss on Sale of Fixed Assets	1,15,943	2,73,952
Miscellaneous Expenses	2,14,84,937	1,37,22,116
Prior Period Expenses	8,20,735	2,87,464
TOTAL	24,66,03,571	16,07,36,828

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	For the Year ended 31.03.2011 (Rs.)	For the Year ended 31.03.2010 (Rs.)
SCHEDULE - 19		
FINANCE CHARGES		
Fixed Loans	4,39,34,826	4,88,75,745
Interest on Others	4,14,44,547	3,37,82,546
Bank Charges	61,66,924	48,44,744
TOTAL	9,15,46,297	8,75,03,035
 SCHEDULE - 20		
(INCREASE) /DECREASE IN STOCKS:		
Opening Stocks:		
Yarn	6,71,38,686	7,16,70,905
Garments	1,23,90,733	3,46,76,091
Stock-in-Process	4,20,99,184	60,61,387
Cotton waste	10,34,860	8,18,258
TOTAL (A)	12,26,63,463	11,32,26,641
Closing Stocks:		
Yarn	24,45,43,434	6,71,38,686
Garments	91,36,735	1,23,90,733
Stock-in-Process	4,27,04,220	4,20,99,184
Cotton waste	16,32,223	10,34,860
TOTAL (B)	29,80,16,612	12,26,63,463
 (INCREASE) /DECREASE IN STOCKS:	 (17,53,53,149)	 (94,36,822)

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-2I

I. Notes Forming part of the Balance sheet as at 31st March,2011 and Profit & Loss Account for the year ended on that date

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
I. Contingent Liabilities not provided for		
a) Against Foreign Bills Discounted	29,81,05,068	4,46,09,128
b) Against Foreign and Inland Letter of credit	29,98,66,057	–
c) Against Bank Guarantees	–	71,91,922
d) Contracts to be executed on Capital Accounts	10,52,32,356	–
e) Demand raised by Sales Tax Department for the year 2003-04 on subjecting the turnover of unit at Madhya Pradesh to tax for not furnishing "C" Forms. The matter is pending in Appeal before the Assist. Commissioner (Appeals) Sales Tax, Chindwara, Madhya Pradesh	3,39,773	3,39,773
f) Demand raised by Sales Tax Department for the year 2004-05 on subjecting the turnover of unit at Madhya Pradesh to tax for not furnishing "C" Forms. The matter is pending in Appeal before the Assist. Commissioner (Appeals) Sales Tax, Chindwara, Madhya Pradesh	7,25,736	7,25,736
g) Demand from Sales Tax Department, Andhra Pradesh in connection with levy of Purchase Tax on Polyester Stable Fibre from Reliance Industries Limited, levy of tax on work contract receipts and withdrawal of deferment availed by the company for the year 2001-02. A.P. Sales Tax Appellate Tribunal set aside the order passed by the Sales Tax Authorities. The Department has challenged the said order before the Hon'ble High Court of A.P. and the same is pending.	27,98,569	27,98,569
h) Bharat Petroleum Corporation Limited filed a civil suit before Addl.Chief Judge City Civil Court, Secunderabad, against the company for alleged deferential sales tax dues on purchase of HSD and furnace oil made by the company during the financial years 1996-97 & 1997-98.	40,27,678	40,27,678
i) The Department of Central Excise & Customs raised a Demand for payment of Interest on the duty payable on the depreciated value of plant and machinery of Rajna Unit M.P. at the time of debonding from E.O.U. unit to D.T.A. unit. The company challenged the demand before the Hon'ble High Court, M.P.	20,32,054	20,32,054

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

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 restrospective reduction of the export incentive by the Government of India. The High Court has granted an interim stay of the notification and the matter is pending for final orders.
3. The Government of Andhra Pradesh has extended the incentive of Sales Tax deferral scheme to the company pursuant to which the company can avail the deferment of Sales Tax liability on sales effected out of production from the units of Bhongir, Nalgonda Dist and Aliabad, R.R.Dist to the extent of Rs.20.80 Crores and Rs.9.05 Crores respectively. The Deferred Sales Tax is repayable after expiry of 14 years from the year of availment. The Company has availed a Sales Tax Deferrment of Rs.3,15,95,556/- (Previous Year Rs. 3,15,95,556/-) in case of Bhongir Unit and 76,53,944 (Previous Year Rs.76,53,944/-) in case of Aliabad Unit upto 31st March, 2009. The said Sales Tax Deferrment shall commence from the years 2011 & 2016 respectively and the repayment schedule is given below:

Year	Amount Rs.	Year of Repayment
1996-97	39,583	2010-11
1997-98	7,04,167	2011-12
1998-99	5,34,923	2012-13
1999-00	1,46,647	2013-14
2000-01	14,71,150	2014-15
2001-02	45,68,734	2015-16
2002-03	28,82,317	2016-17
2003-04	67,48,919	2017-18
2004-05	34,87,821	2018-19
2005-06	75,58,755	2019-20
2006-07	70,81,635	2020-21
2007-08	14,77,864	2021-22
2008-09	25,46,985	2022-23
	3,92,49,500	

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

4. Balances of Debtors, Creditors, Advances and Loans etc are subject to confirmations and reconciliations.
5. 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.
6. The Company has not provided expenses on Tax for Minimum Alternate Tax (MAT) as per the Scheme of Amalgamation of Suryavanshi Textiles Limited with the Company as approved and sanctioned by Hon'ble Board for Industrial and Finance Reconstruction order dated 19-06-2007.

7. **Composition of Net Deferred Tax Asset/(Liability)**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Deferred Tax Asset on account of:		
Carry forward Loss	20,60,47,906	21,12,51,322
Employee Benefits	2,13,539	60,91,785
	20,62,61,445	21,73,43,107
Deferred Tax Liability on account of:		
Depreciation	13,09,61,474	14,29,98,916
Deferred revenue Expenses	-	-
	13,09,61,474	14,29,98,916
Deferred Tax Asset/(Liability) (Net)	7,52,99,971	7,43,44,191

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 31-03-2011		For the year ended 31-03-2010	
	Kgs	Rs. in lakhs	Kgs	Rs. in lakhs
9. Licenced And Installed Capacities:				
a) Licenced Capacity :				
: 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) Installed Capacity :				
: No.of Spindles	98,288		98,288	
: No.of Rotors	0		168	
: Garments(Pcs)	21,00,000		20,00,000	
(The installed capacity has been certified by the management and not verified by auditors being a technical matter)				
c) Production and Sales:				
i) Spinning Division				
Opening	4,51,160	653.14	6,16,840	716.70
Production of Yarn	1,37,86,672		1,23,19,831	
Total	1,42,37,832		1,29,36,671	
Less: Captive Consumption**	2,07,601		51,326	
TOTAL	1,40,30,231		1,28,85,345	
Less : sales	1,27,71,135	21,816.43	1,24,34,185	15,186.00
Closing	12,59,096	2,408.41	4,51,160	653.14
** Captive consumption for				
Garment Division	1,67,376			
Dyeing Division	15,254			
In house (Bhongir)	24,971			
TOTAL	2,07,601			
ii) Dyeing Division				
Opening	9,124	18.24	13,894	20.24
Production	8,75,094		1,60,944	
Total	8,84,218		1,74,838	
Less: Captive Consumption	-		97,797	
TOTAL	8,84,218		77,041	
Less : sales	8,42,968	991.76	67,917	67.60
Closing	41,250	37.02	9,124	18.24
Raw material used in Production from captive waste generated				
	Bhongir	Rajna	Total	
Comber Noil	3,59,844	2,71,826	6,31,670	
TOTAL	3,59,844	2,71,826	6,31,670	

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE-21 (Contd.)

	For the year ended 31-03-2011		For the year ended 31-03-2010	
	Kgs	Rs. in lakhs	Kgs	Rs. in lakhs
iii) Garment Division	Pieces	Rupess (in lakhs)	Pieces	Rupess (in lakhs)
Opening	1,09,706	123.91	41,685	60.61
Production of Garments	20,08,459		16,04,496	
Total	21,18,165		16,46,181	
Less : sales	19,98,115	3,277.93	15,36,475	2,399.58
Closing	1,20,050	91.37	1,09,706	123.91
e) Traded Goods -Sales				
Cotton	79,539	137.01	4,96,668	381.37
Yarn	8,99,488	1,928.19		
		2,065.20		381.37
d) Sales				
Yarn	1,27,71,135	21,816.43	1,24,25,061	15,254.43
Garments (Pcs)	19,98,115	3,277.93	15,36,475	2,399.58
Bleached cotton	8,42,968	991.76		
Waste Cotton & others		760.49		683.06
Traded Goods		2,065.20		381.37
TOTAL SALES		28,911.81		18,718.43
10. Traded goods - Purchases				
Cotton	79,539	100.65	4,96,668	369.98
Yarn	8,99,488	1,648.53		
		1,749.18		369.98
11. Opening and Closing Stocks				
a) Opening Stocks:				
Yarn	4,51,160	653.14	6,16,840	716.70
Bleached cotton	9,124	18.24	-	-
Waste Cotton	66,325	10.35	44,549	8.20
Garments(Pcs)	1,09,706	123.91	41,685	60.60
b) Closing Stocks:				
Yarn	12,59,096	2,408.41	4,51,160	653.14
Bleached cotton	41,250	37.02	9,124	18.24
Waste Cotton	70,898	16.32	66,325	10.35
Garments(Pcs)	1,20,050	91.37	1,09,706	123.91
12. Raw Materials Consumed:				
Cotton	1,11,99,981	11,230.33	84,32,842	5,414.70
Viscose Staple Fibre	3,03,127	401.23	3,28,727	396.27
Polyester Staple Fibre	52,43,621	4,643.68	54,98,215	3,696.89
Cotton fibre (for bleached cotton)	9,64,999	202.57		
Yarn		1,234.88		1,557.49
Dyeing Materials		52.63		27.60
Fabric knitting & processing charges		727.11		335.20
		18,492.43		11,428.15

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE-21 (Contd.)

	For the year ended 31-03-2011		For the year ended 31-03-2010	
	%	Rs. in lakhs	%	Rs. in lakhs
13. Percentage of Materials and Stores Consumed:				
Indigenous	99.51%	19,066.69	95.94%	11,470.00
Imported	0.49%	93.74	4.06%	485.87
	100.00%	19,160.43	100.00%	11,955.87
14. Remuneration to Directors:				
A) Chairman and Managing Director		Rs.		Rs.
i) Salary		10,80,000		10,80,000
ii) Perquisites				
HRA		4,32,000		4,32,000
Medical		90,000		90,000
L T C		90,000		90,000
Subscription to Clubs		2,400		2,400
		16,94,400		16,94,400
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		3,600		3,120
Contribution to Provident Fund		1,15,200		9,360
		16,22,800		15,16,480
C) Executive Director				
i) Salary		86,4000		8,64,000
ii) Perquisites				
HRA		345,600		3,45,600
Medical		72,000		72,000
L T C		72,000		72,000
Subscription to Clubs		11,725		8,760
Contribution to Provident Fund		1,03,680		9,360
		14,69,005		13,71,720
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		3,600		3,120
Contribution to Provident Fund		1,03,680		9,360
		14,60,880		13,66,080
		62,47,085		59,48,680

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

	For the year ended 31-03-2011	For the year ended 31-03-2010
	Rs.	Rs.
15. Computation of profits in accordance with Sec.349 of the Companies Act, 1956		
Profit/ (Loss) for the year before taxation as per		
Profit and loss account	16,14,18,935	3,05,01,174
Add: sitting fee	80,000	1,24,000
Add: Managerial Remuneratrion	62,47,085	59,48,680
	<u>16,77,46,020</u>	<u>3,65,73,854</u>
Excess of Expenditure over Income brought forward from previous year set off:	(9,61,59,801)	(13,27,33,655)
Net profit in accordance with sec.349 of the Companies Act of 1956	7,15,86,219	-9,61,59,801
Note: Whole-time Directors decided not to claim commission on profit.		
16. Auditor's Remuneration		
Statutory Audit	99,270	99,270
Tax Audit	55,150	55,150
Certification	60,665	46,326
	<u>215,085</u>	<u>2,00,746</u>
17. Expenditure in Foreign currency during the year on account of:		
	Rs. in lakhs	Rs. in lakhs
a) Purchase of : Machinery	-	4.16
b) : Stores & Spares	71.20	29.79
c) : Raw materials	610.91	-
d) Commission on Exports	94.40	25.99
e) Foreign Travel	23.37	14.21
18. Earnings in Foreign Exchange:		
F O B value of exports	11,492.30	3,306.56

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

19. Segment information for the year ended 31.03.2011

The Company has identified two reportable segments i.e. Yarn and Garments.

Segment Revenue, Results and Capital Employed (Rs. in Lakhs)

SL.NO	PARTICULARS	Year	Year
		ended	ended
		31.03.11	31.03.10
1.	Segment Revenue		
a.	Yarn	25,474.45	16,196.78
b.	Garments	3,582.56	2,666.46
	TOTAL	29,057.01	18,863.24
2.	Segment Results		
	Before tax and interest from each segment		
a.	Yarn	2,197.59	885.29
b.	Garments	332.06	294.75
	TOTAL	2,529.65	1,180.04
	Less: Interest	915.46	875.03
	loss/Profit before tax	1,614.19	305.01
3.	Capital Employed		
	(Segment Assets-Segment Liabilities)		
a.	Yarn	8,067.20	10,320.40
b.	Garments	1,345.62	1,721.46
	TOTAL	9,412.82	12,041.86

Secondry segment - Geographical by location of customers

	Current year		Previous year	
	%	Rs. In lakhs	%	Rs. In lakhs
Domestic	16,761.76	57.98	15,256.26	81.50
Export	12,150.05	42.02	3,462.17	18.50
TOTAL	28,911.81	100.00	18,718.43	100.00

Note: The Company does not track its assets and liabilities by geographical area

20. Related party disclosure

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

A: Associates

1. Suryavanshi Industries Limited
2. Suryalakshmi Cotton Mills Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

B: Key Managerial Personnel:

- | | |
|--------------------|--------------------------------|
| 1. Sri B.N.Agarwal | Chairman and Managing Director |
| 2. Sri R.K.Agarwal | Joint Managing Director |
| 3. Sri J.K.Agarwal | Executive Director |
| 4. Sri D.K.Agarwal | Whole time Director |

C: Relatives of Key Managerial Personnel:

1. Mrs.Narbada Bai Agarwal
2. Mrs. Yamuna Devi Agarwal
3. Mrs. Meenal Agarwal
4. Mr. Rishikesh 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						
a) Sri B.N.Agarwal		16.94			16.94	
b) Sri R.K.Agarwal		16.23			15.16	
c) Sri J.K.Agarwal		14.69			13.71	
d) Sri D.K.Agarwal		14.61			13.66	
2. Purchase of Goods:						
Suryavanshi Industries Ltd	4,481.89			2,352.70		
3. Services - Mr. Rishikesh Agarwal			9.00			
4. Rent						
a) Mrs.Narbada Bai Agarwal			1.60			1.60
b) Mrs. Yamuna Devi Agarwal			1.60			1.60
c) Mrs. Meenal Agarwal			1.60			1.60

E. Payable as at 31.03.2011

Rs. in Lakhs

Particulars	Current Year			Previous Year		
	Associates	Key Managerial Personnel	Relatives of Key Managerial	Associates	Key Managerial Personnel	Relatives of Key Managerial
Suryavanshi Industries Ltd.	298.67	-	-	20.89	-	-

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-21 (Contd.)

F. Receivable as at 31.03.2011

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. Suryalakshmi Cotton Mills Ltd.	–	–	–	2.95	–	–
2. Balaji Garments	–	–	–	1.45	–	–

21. Earning Per Share(EPS):	Current Year	Previous year
a) Net profit available for Equity Share Holders Rs. in lakhs	1,613.88	304.51
b) Weighted average Number of Equity Shares	1,32,70,923	1,32,70,923
c) Basic and Diluted Earnings per Share	12.16	2.29

22. Employee Benefits:

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

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

Profit and Loss account:	Year ended 31.03.11	Year ended 31.03.10
Current service cost	5,68,267	5,25,270
Interest cost	12,01,586	11,66,935
Actuarial Gain / loss	43,58,820	12,57,453
Net benefit expense	61,28,673	29,49,658
Balance Sheet:		
Opening balance of benefit obligations	1,50,19,830	1,45,86,698
Current service cost	5,68,267	5,25,270
Interest cost	12,01,586	11,66,935
Actuarial Gain / loss	43,58,820	12,57,453
Benefits paid	(19,42,632)	(25,16,526)
Closing balance of benefit obligations	1,92,05,871	1,50,19,830
The principal assumptions used in determining the Gratuity benefits obligation for the Company's plan are as under:		
Discount rate	8%	8%
Attrition Rate	8%	8%
Further salary raise	10%	10%

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

SCHEDULE-22

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 standards specified in section 211 (3C) of the Companies Act, 1956.

2. Fixed Assets:

Fixed Assets are stated at cost net of depreciation provided in the statements. Depreciation is provided on straight line method on the basis of continuous process plant at the rates specified in schedule XIV of the Companies Act, 1956.

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 realisable value. Work in progress is valued at cost.

4. Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalised as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

5. Investments:

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

6. Contingent Liabilities and Provisions:

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

7. 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.

8. 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.

9. 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.

10. Revenue Recognition

Sales inclusive of Export Benefits receivable and Sales Tax Collected. Export Benefits on Exports are accounted on accrual basis. Insurance Claims are accounted for on admission or on receipt.

11. 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.

12. Earning per share

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

13. Use of estimates

Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

Signatures to Schedules I to 22)

As per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Frims Regn.No. 0005135

K.S. Rao
Partner
Membership No. 15850

Place : Hyderabad
Date : 27.05.2011

For and on behalf of the Board

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

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, 2011

	Year ended 31.03.2011		Year ended 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES				
Net Profit/ (loss) before tax and extraordinary items		16,14,18,935		3,05,01,174
Adjustments for:				
Finance Charges	8,53,79,373		8,75,03,035	
Depreciation	7,44,81,366		7,40,47,059	
Loss on sale of Fixed Assets	1,15,943		2,73,952	
unrelised foreign Exchange fluctuation	(2,650,358)		-	
Bad debts and Debit Balances Written Off	53,65,187		189,360	
Excess Provision & Credit Balance Written Back	(16,53,836)		(6,57,554)	
Interest Earned	(40,07,440)		(30,55,044)	
Profit on Sale of Fixed Assets	(11,32,226)		(21,59,763)	
Dividend Received	(37,819)	15,58,60,190	(26,750)	15,61,14,295
Operating profit before working capital changes		31,72,79,125		18,66,15,469
Adjustments for:				
Inventories	(28,77,39,436)		(16,56,94,772)	
Receivables	(8,20,32,751)		(3,02,80,594)	
Loans & Advances	(1,14,62,764)		(3,58,09,847)	
Current Liabilities	13,23,64,443	(24,88,70,508)	13,93,30,664	(9,24,54,549)
Cash generated from Operations		6,84,08,617		9,41,60,920
Direct taxes paid (Including TDS receivable)		(54,72,826)		(4,80,804)
Net Cash flow from Operating Activities (A)		6,29,35,791		9,36,80,116
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Acquisition of Fixed Assets (Including Capital Work in progress)		(68422,973)		(3,12,96,555)
Proceeds from sale of Assets		18,88,000		29,18,545
Cost of Investments		(3,48,045)		-
Dividend Received		37,819		26,750
Interest Received		58,81,196		921,560
Net cash used in investing Activities (B)		(6,09,64,003)		(27,429,700)

Cash Flow statement (Contd.)

	Year ended 31.03.2011		Year ended 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Term loans		–		7,41,51,870
Repayment of Term loans		(9,94,47,729)		(5,71,92,078)
Proceeds from working capital loans		21,32,42,907		
Repayment of working capital loans		(3,40,55,159)		
Proceeds from Issue of Equity Share Capital		–		2,92,50,000
Proceeds from Vehicle Loans		43,53,283		
Repayment of unsecured loans		(10,19,655)		
Interest paid		(8,14,86,630)		(8,80,14,489)
Net Cash used in Financing Activities (C)		15,87,017		(4,18,04,697)
Net Decrease in cash and cash equivalents (A+B+C)		35,58,805		2,44,45,719
Cash/Cash Equivalents as at 01st Apr, 2010	5,63,57,459		3,19,11,740	
Cash/Cash Equivalents as at 31st Mar, 2011	5,99,16,264	(35,58,805)	5,63,57,459	(2,44,45,719)

As per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms Regn.No. 0005135

K.S. Rao
Partner
Membership No. 15850

Place : Hyderabad
Date : 27.05.2011

For and on behalf of the Board

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

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, 2011			(All Rupees in 000's)

II. Capital raised during the year

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

III. Position of Mobilisation and Deployment of funds

Total Liabilities	14,94,642	Total Assets	14,94,642
-------------------	-----------	--------------	-----------

Source of Funds

Paidup Capital	1,32,687	Reserves and Surplus	3,83,010
Secured Loans	9,39,735	Unsecured Loans	39,210

Application of Funds

Net Fixed Assets	7,69,739	Investments	509
Net Current Assets	7,24,394	Misc.Expenditure	Nil

IV. Performance of Company

Turnover	29,05,702	Total Expenditure	27,44,283
Profit before Tax	161419	Profit after Tax	1,61,388
Earnings Per Share in Rs.	12.16	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	5205
ii) 100% Polyester Yarn	5509
iii) Garments	6109

For and on behalf of the Board

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

B.N. Agarwal
Chairman & Managing Director

R.K. Agarwal
Joint Managing Director

Dr. Akkineni Nageswara Rao
Director

Place : Hyderabad
Date : 27.05.2011

Dear Shareholder,

Re: Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, we are keen to participate in Green Initiative and henceforth propose to send documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors’ Report, Auditors’ Report etc. to the shareholders in the electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you are holding shares in electronic form and have registered your e-mail id with the Depository, we intend using e-mail address provided by you to the Depositories viz, NSDL / CDSL and available to the Company from time to time to send various notices / documents, etc henceforth. If you desire to have a different e-mail id registered, please update the same with your Depository Participant (DP) or email at sta@sathguru.com/www.pustap.com / **Email Enrollment** specifying your Client Id and DP Id.

All those shareholders who have not yet registered their email Ids or holding shares in physical form are requested to immediately register their e-mail Ids with NSDL/CDSL and / or our RTA at sta@sathguru.com / www.pustap.com / **Email Enrollment** along with your: Folio No. and No. of shares / Client Id and DP Id **before 8th August, 2011**.

Kindly note that if you still wish to receive a physical copy of all the above mentioned communications / documents, the Company undertakes to provide the same at no extra cost to you, if a request is received by the company or its Registrar **before 8th August, 2011**. Please note that these documents will also be available on the Company’s website www.suryavanshi.com. The physical copies of these notices/ documents will also be available at our Registered Office in Secunderabad for inspection during office hours.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in implementing the same.

For Suryavanshi Spinning Mills Limited

B.R.S.REDDY

Vice President (Corporate Affairs) & Company Secretary

Place : Hyderabad

Date : 27th May, 2011



SURYAVANSHI SPINNING MILLS LIMITED

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

ATTENDANCE SLIP

32nd Annual General Meeting, 29th July, 2011 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 32nd Annual General Meeting of the Company to be held on Friday, the 29th July, 2011 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

32nd Annual General Meeting of the Company to be held on Friday, the 29th July, 2011 at 10.00 A.M. at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad - 500 003.

Signed on this _____ day of _____ 2011

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.



