

**BOARD OF DIRECTORS**

1. Sri Virender Kumar Agarwal
2. Smt. Seema Rani Agarwal
3. Sri Mayank Agarwal
4. Sri Pundlik Sampatrao Thakare
5. Sri Amit Goela
6. Sri Pujit Agarwal

Managing Director  
Joint Managing Director  
Whole-time Director  
Independent Director  
Independent Director  
Non-Executive & Non-Independent Director

**MANAGER****(FINANCE & ACCOUNTS)**

Sri Milind M. Bangre

**REGISTERED OFFICE**

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

**AUDITORS**

M/s. S. Venkatadri & Co.,  
1408, Babukhan Estate, Basheerbagh,  
Hyderabad-500001

**REGISTRAR & TRANSFER AGENTS**

M/s. Karvy Computershare Private Limited.  
Plot No. 17-24, Vittl Rao Nagar, Madhapur,  
Hyderabad - 500 081  
Phone No: 040-23420818  
Fax No: 040-23420814  
E-mail: einward.ris@karvy.com

**BANKERS**

State Bank of India  
Industrial Finance Branch,  
Hyderabad.

Axis Bank Limited  
M.G. House, Civil Lines,  
Nagpur.

**FACTORY**

Mouza - Nayakund,  
Near Ramtek,  
Nagpur District,  
Maharashtra.

**LISTED ON**

Bombay Stock Exchange Limited, Mumbai

**Book Closure Dates:**

09th September, 2013 to 11th September, 2013 (Both days inclusive).

<b>Contents</b>	<b>Page Nos.</b>
Notice	2-8
Directors' Report	9-14
Management Discussion and Analysis	15-17
Report on Corporate Governance	18-28
Certificate by the CEO and CFO	29
Auditor's Report	30-34
Auditor's Certificate On Corporate Governance	35
Balance Sheet	36
Statement of Profit & Loss	37
Cash Flow Statement	38
Notes to the Financial Statements	39-50
Significant Accounting Policies	51-53
Attendance Slip and Proxy Form	54

## NOTICE

Notice is hereby given that 6th Annual General Meeting of the members of M/s. Suryaamba Spinning Mills Limited will be held on Wednesday, 11h September, 2013 at 02.30 P.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad-500016 to transact the following business:

### **Ordinary Business:**

#### **1. Adoption of Accounts**

To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March 2013 and Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.

#### **2. To declare dividend on 8% Cumulative Redeemable Preference Shares (CRPS) for the financial year ended 31st March, 2013**

#### **3. To declare dividend on Equity Shares for the financial year ended 31st March, 2013.**

#### **4. Re-appointment of Sri Amit Goela as Director of the Company**

To appoint a director in place of Sri. Amit Goela, who retires by rotation and being eligible, offers himself for re-appointment.

#### **5. Appointment of Statutory Auditors**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

**"RESOLVED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s S.Venkatadri & Co, Chartered Accountants, Hyderabad (Registration No. 004614s) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be

incurred in the performance of their duties, as the Board of Directors may fix in this behalf".

### **Special Business:**

#### **6. Appointment of Sri Pujit Agarwal as Director of the Company.**

To Consider and if thought fit, to pass with or without modification (s) the following as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri Pujit Agarwal, who was appointed as an Additional Director in the Board Meeting held on 05th July, 2013 as per Section 260 of the Companies Act, 1956 and who ceases to be a Director on the commencement of 6th Annual General Meeting be and is hereby appointed as the Director of the company whose office is liable to retire by rotation".

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

**"RESOLVED THAT** in super session to the earlier resolution (s) passed in this regard and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to ratify the re-appointment of Sri Mayank Agarwal as Whole Time Director of the Company for a period of three years with effect from 01st August, 2012 to 31st July, 2015 on the following terms and conditions:

**Salary :** 95,000/- per month.

**Commission :** At the rate of 2% of the net profits of the Company or 40% of the Annual Salary whichever is less.

**Perquisites :** In addition to the salary and commission as stated above Sri Mayank Agarwal shall be entitled to the following perquisites:



**Category A:**

1. **Housing** : Rent free furnished residential accommodation with all facilities and amenities including such service as gas, electricity, water, etc, or HRA to the extent of 40% of the salary.
2. **Medical Reimbursement** : Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months salary in a period of 3 years.
3. **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules of the Company.
4. **Club Fees** : Fees of clubs subject to a maximum of to clubs, admission and life membership fees not being allowed.
5. **Personal Accident Insurance** : of an amount the premium of which not to exceed Rs. 4,000/- per month.

**Category B:**

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

**Category C:**

The Company shall provide a car with driver and a telephone at the residence. Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

**"RESOLVED FURTHER THAT** notwithstanding the absence or inadequacy of profits in any financial year, the above remuneration shall be allowed and paid as a minimum remuneration to Sri Mayank Agarwal during his tenure of office.

**"RESOLVED FURTHER THAT** the necessary forms/returns as may be prescribed in this regard signed by any one director of the company be filed with the Registrar of Companies, Andhra Pradesh".

**For and behalf of the Board  
For Suryaamba Spinning Mills Ltd**

**Virender Kumar Agarwal  
(Managing Director)**

**Place : Nagpur  
Date: 06.08.2013**

### NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the Company not less than 48 Hours before the Meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business set out under item no. 6 & 7.
3. The Registers of Members and Share transfer books will remain closed from 09th September, 2013 to 11th September, 2013 (Both Days Inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify immediately any change of address to their depository participants in respect of their holding in Electronic Form and to M/s Karvy Computer share (P) Ltd. Unit Suryaamba Spinning Mills Ltd. in respect of their Physical Folio, if any.
5. Members desiring any further information as regards the Accounts or Operations of the Company are requested to write to the Company so as to reach at least one week prior to the date of Meeting for consideration of the management to deal at the meeting.
6. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. Pursuant to the requirement of the Listing Agreement of the Stock Exchange on Corporate Governance, relating to appointment of the Directors / reappointment of the retiring Directors, a statement containing the required details of the concerned Directors forms part of the Report on Corporate Governance.
8. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
9. Members/Proxies are requested to bring their copy of annual report to the Annual General Meeting.
10. The Annual report of the Company for the year 2012-13, is also uploaded on the Company's website [www.suryaamba.com](http://www.suryaamba.com).

### **Explanatory Statement**

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

#### **Item No.6: Appointment of Sri Pujit Agarwal as Director of the Company.**

In order to have optimum mix of Directors on the Board, Pujit Agarwal has been appointed as an additional director of the Company in the Board Meeting held on 05th July, 2013. As per the provisions of the Companies Act, 1956, any director appointed in the Board Meeting as an additional director shall hold office only up to the ensuing Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 along with the necessary deposit proposing candidature of above director. The Board recommends the resolution for the approval of members.

Sri Virender Kumar Agarwal Managing Director, Smt Seema Rani Agarwal, Joint Managing Director and Sri Mayank Agarwal, Whole-time Director are related to the appointee director and deemed to be interested in the proposed resolution. None of the other Directors are interested except the Director himself to the extent of his appointment.

#### **Item No.7: Re-appointment of Sri. Mayank Agarwal as Whole-time Director of the Company**

Board of Directors has re-appointed Sri Mayank Agarwal, as Whole- Time Director of the Company in their meeting held on 27th July, 2012 for a further period of 3 years w.e.f. 01st August, 2012 on the terms and conditions as specified in the resolution above. The appointment requires the approval of members in general meeting.

Sri Mayank Agarwal, is a young and energetic person with lots of dedication and hard work towards his work. In the past years, he has done a tremendously appreciable job through his skills and great working style. He has highly contributed in the growth of the Company and has enough Industrial Experience. As he is of less than 25 years old and his re-appointment as Whole-time Director requires the approval of members by Special resolution as required under Schedule XIII to the Companies Act, 1956.

Sri Virender Kumar Agarwal, Smt Seema Rani Agarwal and Sri Pujit Agarwal being relative to the appointee Director each other are considered to be concerned or deemed to be interested in the proposed resolution. None of the other Directors are interested except the Director himself to the extent of his appointment.

Board of Director's accordingly recommend the resolutions as set out at item 6 & 7 of the accompanying Notice for the approval of members.

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

##### **1. Nature of Industry**

Suryaamba Spinning Mills is basically into the manufacturing of Synthetic blended yarns of Polyester Viscose. Currently Company has one ISO certified Manufacturing unit with a total capacity of 33,120 spindles. Indian textile Industry is one of the leading textile industries in the world.

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

Commercial Operations of the Company have started during the year 2007.

##### **3. Financial performance:**

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

(Figures in ₹ Lakhs)

Items	2011-12 (12months ended on 31st March, 2012)	2010-11 (12months ended on 31st March, 2011)	2009-10 (12 months ended on 31st March, 2010)
Income from Operations (Gross)	10223.50	12037.49	8556.94
Profit/Loss Before Interest Depreciation & tax	(88.78)	1063.08	486.78
Profit/ Loss after Tax	(605.70)	459.88	27.41

**4. Export performance and net foreign exchange earning**

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

Items	2011-12	2010-11	2009-10
FOB value of goods exported	110.89	Nil	Nil

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

At present the Company does not have any investment or Collaboration with any individual or Body Corporate.

**II Information about the appointee:**

**1. Background details**

Sri Mayank Agarwal, has a Degree in Industrial Engineering. He is from the family with over six decades of experience in textile business. he has ben associated with the Company from 1st August, 2009. He is a new and young talent who will probably give new heights to the growth of the company.

**2. Past remuneration**

During the Financial Year 2011-12 he was drawing the following remuneration:

Salary	Perquisites	Contribution to PF	Total
9,55,800	5,41,588	1,14,696	16,12,084

**3. Recognition or awards**

Nil

**4. Job profile and his suitability**

Sri Mayank Agarwal, Executive Director has been taking care of the marketing sector of the Company. Since his tenure as Whole Time Director, he has stered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.

**5. Remuneration proposed:**

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



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

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

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

Expect Smt. Seema rani Agarwal, Joint Managing Director, Sri Virender Kumar Agarwal, Managing Director of the Company, Sri Pujit Agarwal, Additional Director and Sri Mayank Kumar Agarwal, Executive himself, none of the others have any pecuniary relationship directly with the Company.

**III. Other information:**

**1. Reasons for inadequate profits**

The Company has significantly expanded its Textile business and the Segment has normally a long gestation period. Textile Sector suffered a major setback due to fall in price margins and increase in the cost of raw material and hence Company could not perform well.

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

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

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

Company is poised to increase high turnover and profitability in the coming years.

Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Sri. Mayank Agarwal, Whole Time Director himself, Sri Virender Kumar Agarwal, Managing Director, Smt. Seema Rani Agarwal , Joint Managing Director and Sri Pujit Agarwal, Additional Director being his relatives are interested in the said resolution.

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

The Explanatory Statement together with the accompanying notice may be treated as an abstract of terms of appointment pursuant to Section 302 of the Companies Act, 1956.

**For and behalf of the Board  
For Suryaamba Spinning Mills Ltd**

**Place: Nagpur  
Date: 06.08.2013**

**Virender Kumar Agarwal  
(Managing Director)**

**Additional information**

(As per Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors who seek appointment/re-appointment are given below:

<b>1. Name</b>	:	<b>Sri Amit Goela</b>
Age	:	48
Qualification	:	MBA (University of Florida)
Expertise	:	He is a partner & Research Head in Rare Enterprises (Portfolio Managers) Mumbai since 8 years
Other Directorships	:	04
Shareholding in the Company	:	Nil
<b>2. Name</b>	:	<b>Sri.Pujit Agarwal</b>
Age	:	18 years
Qualification	:	Pursuing Graduation
Expertise	:	Sri Pujit Agarwal is a young talent who is having a good academic career and great zeal to learn.
Other Directorships	:	Nil
Shareholding in the Company	:	Nil
<b>3. Name</b>	:	<b>Sri. Mayank Agarwal</b>
Age	:	23 years
Qualification	:	Bachelor of Industrial Engineerin (University of Michigan, USA)
Expertise	:	Sri. Mayank Agarwal is a young talent who is having a good academic career and great zeal to learn. He is making efforts to increase the profitability of the Company through his marketing skills.
Other Directorships	:	Nil
Shareholding in the Company	:	1,37,053 Equity shares of the Company.

**For and behalf of the Board  
For Suryaamba Spinning Mills Ltd**

**Place: Nagpur  
Date: 06-08-2013**

**Virender Kumar Agarwal  
(Managing Director)**



## DIRECTORS REPORT

To,  
The Members,  
Your Directors have pleasure in presenting their 6th Annual Report on the Business and operations together with Audited Annual accounts of your Company for the Financial year ended 31st March, 2013.

### Financial Results (₹ In Lakhs)

S. No.	Particulars	2012-13	2011-12
1.	Sales and other Income	13518.98	10223.50
2.	Profit Before interest and Depreciation	1050.80	(44.45)
3.	Interest and Finance Charges	473.84	550.24
4.	Depreciation	285.36	296.14
5.	Profit after Interest and Depreciation	291.60	(890.83)
	<b>Provision for Taxation: -</b>		
6.	(a) Current Tax	63.48	-
7.	(b) Deferred Tax	20.84	(285.13)
8.	Balance of Profit (or Loss)	207.28	(605.70)
	<b>Appropriations:-</b>		
9.	Transfer to General Reserve	0.50	-
10.	Dividend on Equity Share	23.52	-
11.	Dividend on Preference Share	93.24	-
12.	Dividend Tax	19.84	-
13.	Preference Share Redemption Reserve	-	-
14.	Surplus carried over to Balance Sheet	67.62	(2.56)

### Operations:

During the year, your company has achieved a Total turnover of ₹ 13518.98 Lakhs (₹10,223.50 Lakhs in the previous year) registering an increase of 32.23% over the previous year. The Company has recorded a Profit of ₹ 291.60 Lakhs as against the loss of ₹ 890.93 Lakhs for 2011-12. During the year textile industry has recovered from the last years' recession and performed well on an average.

### Exports

The export turnover (through merchant export) of your Company during the year was ₹ 1066.69 Lakhs (₹447.60 Lakhs in the previous year) registering an increase of 138.31% over the previous year. Your Company has been exporting yarn to various countries like Brazil, USA, Singapore, Argentina, Portugal and continue to explore new markets to improve performance. This trend of increase in exports expecting to continue in the coming years.

### Future Outlook

The economy is in the stage of prosperity and the Company expects good demand for its products in

domestic as well as international markets. Major markets for Indian Textile and Clothing (T & C) export are the USA and EU and they have recovered from the recession of the past years. The domestic market is also on the path of healthy growth because of the fact that few manufacturing facilities operating abroad are slowing down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.

#### **Expansion Plan**

Out of 15,552 spindles Expansion plan the Company has started commercial production with 5,040 spindles and is hoping to complete entire Expansion Project by this year end at an estimated cost of ₹ 35 Crores. This will bring about further economy in production cost as well as substantial tax savings in future.

#### **Deposits**

There were no overdue deposits as on 31st March 2013.

#### **Dividend**

Your Directors have recommended payment of dividend on 8% cumulative Redeemable preference shares as per the terms and conditions of the issue. The dividend will absorb a sum of ₹ 93,23,792/- ( Which includes dividend of ₹ 31,39,792/- for the previous year)

Your Directors are pleased to recommend a dividend of 10% on the Equity Share Capital of the Company for the Financial year ended 31st March, 2013. The dividend will absorb a sum of ₹ 23,52,000/-.

The Corporate dividend tax levied will be ₹ 19,84,301/-.

#### **Transfer to Reserves**

Your Company propose to transfer ₹ 0.50/- Lakhs to General Reserve account of the company for the year.

#### **Directors**

Sri . Amit Goela, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Board of Directors recommends his re-appointment.

Sri. Pujit Agarwal, was co-opted as an Additional Director on the Board with effect from 5th July, 2013. It is proposed to regularize his appointment in the ensuing Annual General Meeting.

During the year, Board has re-appointed Sri. Mayank Agarwal, as Whole-Time Director of the company for a further period of 3 years with effect from 1st August,2012.

Board of Directors recommends his re-appointment in the ensuing Annual General Meeting.

#### **Directors Responsibility Statement**

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

1. In the preparation of annual accounts for the year ended 31st March 2013, the applicable accounting standards have been followed and there has been no material departure.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31st March, 2013 and of the profit for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. The Directors have prepared the accounts for the financial year ended on 31st March, 2013 on a going concern basis.

**Corporate Social Responsibility:**

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

At Suryaamba, CSR activities are undertaken in various manners such as providing donations for social and cultural activities, conducting eye check-up camp, providing cold drinking water during summer season for travellers near to the factory premises.

**Auditors**

M/s S. Venkatadri & Co., Chartered Accountants, Hyderabad have expressed their willingness to continue in office until conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

Resolution seeking your approval on this item is included in the Notice of the ensuing Annual General Meeting.

**Auditors Qualification**

No Qualification was made by the Auditor in their report on the accounts for the period ended 31st March 2013.

**Cost Auditor**

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have Re-appointed M/s. G.R. Paliwal & Co., Nagpur, as the Cost Auditor for the financial year 2013-14, subject to the approval of Central Government.

The Cost Audit report for the financial year 2012-13, shall be submitted to the Central Government within the stipulated time.

**Corporate Governance**

Management Discussion Analysis Report and Corporate Governance report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are attached to this Report and forms part of this report.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo**

The details as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are given in the Annexure -1 and form part of the report.

**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) Rule, 1975 and hence the prescribed information not required to be given.

**Acknowledgment**

The Board of Directors pleased to place on record their appreciation of the co-operation and support extended by State Bank of India, Axis Bank Ltd., various State and Central Government agencies, Stock Exchange and other Agencies. The Board would like to thank the Company's shareholders, Customers, Suppliers for the support and the confidence, which they have reposed in its management. The Board also wishes to place on record its appreciation of the valuable services rendered by all the employees of the company.

**For and on behalf of the Board of Directors  
For Suryaamba Spinning Mills Ltd.**

**Virender Kumar Agarwal  
(Managing Director)**

**Seema Rani Agarwal  
(Jt. Managing Director)**

**Place: Nagpur  
Date: 06.08.2013**

**Annexure -1 Annexure to Directors Report**

Details required under Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988 read with clause (e) of sub- Section (1) of Section 217 of the Companies Act, 1956.

**A) Conservation of Energy**
**1. Energy conservation measures taken**

The company has given priority for energy conservation and it has put continues efforts to reduce consumption of energy and has taken steps of continuous monitoring for replacement of conventional electrical motors etc. with improved technology. Higher productivity achieved by optimizing machinery efficiency and also the Company opting for maximum benefits offered by electricity supplier as incentives.

2. The above measures have reflected in reduction of energy consumption during the year.

3. Further in our proposed expansion while selection of Machinery and utilities we are taking maximum care in modern technology and reduction of energy.

**FORM - A**

Form for Disclosure of particulars with respect to Conservation of Energy:

(₹ In Lakhs)

Sr. No.	Particulars	2012-13	2011-12
<b>A</b>	<b>Power and Fuel Consumption</b>		
1)	Electricity		
	a) Purchased Unit	17966040	15699300
	Total Amount (Rs. In Lakhs)	1147.08	917.47
	Average Rate: (Rs./Unit)	6.38	5.84
	b) Own Generation:		
	Through Diesel Generators	Nil	Nil
	Units (In Lakhs of KWH)	Nil	Nil
	Units per liter of diesel oil	Nil	Nil
2)	Coal (Rs. In Lakhs)	Not Used	Not Used
3)	Furnace Oil	Not Used	Not Used
4)	Others	Not Used	Not Used
<b>B</b>	<b>Consumption per Unit of Production</b>		
	Electricity (Units /kg of yarn)	1.99	2.02
	Coal	Not Used	Not Used
	Furnace Oil	Not Used	Not Used
	Others	Not Used	Not Used

**B) Technology absorption :**

Efforts made in technology absorption as per form B

**FORM B**

Form for disclosure of particulars with respect to absorption

**Research & Development (R&D)**

In order to meet the changed competitive conditions due to globalization and liberalization of the economy there is an urgent need for upgrading the technology levels currently prevailing in the industry. All these call for the preparation and implementation of proper action plan in which all the stakeholders i.e., the government, the weavers, and the other interest groups get fully involved. In an effort to adopt cutting edges technology, your company gives particular importance in the research, aiming at the better quality and increased market value.

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

**Technology Absorption adaptation and innovation:**

1	Efforts in brief, made towards technology absorption and innovation	:	The company has adapted indigenous technology and made innovation on the same. We have taken care of adoption of modern technology such as Auto waste collection, Auto doffing for our proposed expansion unit.
2	Benefits derived as result of the above efforts	:	Product improvement, increase in yield and quality has resulted from these efforts.
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
	a) Technology Imported	:	Nil
	b) Year of import	:	Not Applicable
	c) Has technology been fully absorbed	:	Not Applicable
	d) If not fully absorbed, area where this has not taken place reasons therefore and future plans of actions	:	Not Applicable

**Foreign Exchange Earning & Outgo:**

a)	Activities relating to exports, initiatives taken to increase exports, development of new exports markets for production and services and export	:	Export explorations activities mainly include development of export to new markets and increasing exports to traditional markets plans
----	--	---	--

**Total foreign exchange used & earned**
**(₹ in Lakhs)**

		2012-13	2011-12
(i)	Foreign Exchange earned	Nil	Nil
	FOB value of export	Nil	110.89
(ii)	Foreign Exchange used	Nil	Nil
	Import of capital goods	Nil	Nil
	Foreign travel	Nil	11.95
	Commission on export sales	Nil	Nil
	Raw Materials	Nil	Nil
	Spares	11.95	8.70

For and on behalf of the Board of Director  
For Suryaamba spinning Mills Ltd.

Place: Nagpur  
Date:06.08.2013

Virender Kumar Agarwal  
(Managing Director)

Seema Rani Agarwal  
(Jt.Managing Director)

## MANAGEMENT DISCUSSION AND ANALYSIS

### **ORGANISATION - PROFILE**

Suryaamba Spinning Mills Limited is one of the well-known producers of Yarn. We are basically into manufacturing of Synthetic blended yarns of Polyester / Viscose, 100% Polyester and 100% Viscose with counts ranging from 20s to 45s. Currently the Company has one manufacturing unit with a capacity of 33,120 spindles. The unit is located at Mouza-Nayakund in the state of Maharashtra which is ISO certified. The unit has an installed capacity of 33,120 spindles with a production capacity of 34 MTs per day.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The textiles sector in India is keenly looking forward to the finalisation of the India-EU BTIA, which would considerably open up trade in textiles sector with EU countries. A very favourable stance has been taken by the Ministry of Textiles with regard to textiles trade with Europe in terms of the broad based agreement with EU.

India's textiles and clothing industry is one of the mainstream of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket.

Latest Trend during the period 2012-13:

- ◆ The total textile exports during 2012-13 were valued at ₹ 172494.71 crore as against ₹ 159570.55 crore during the financial year 2011-12, registering an increase of 8.10 percent in rupee terms.
- ◆ In US dollar terms, the same was valued at US \$31705.53 million (2012-13) as against US\$33310.21 million during the corresponding period of financial year 2011-12 registering a decline of 4.82%.

The Indian textile industry is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

The most significant change in the Indian textile industry has been the advent of manmade fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. Manmade fibre production recorded an increase of 2% during the year 2012-13. Cotton yarn production increased by about 15% during March 2013 and by about 14% during the year 2012-13.

Blended and 100% non-cotton yarn production increased by 10% during March 2013 and production increased by 3% during the year 2012-13. Cloth production by mill sector registered a growth of 19% during year 2012-13. Cloth production by handloom and hosiery increased by 2% and 14%. The total cloth production grew by 1% during March 2013 and by 4% during year 2012-13.

### **Impact of Union Budget 2013-14 on the Company**

The Budget 2013-14, has provided new incentives and continued with existing incentives for the textiles industry. The new measures will come into effect on 1st April, 2013. Textile sector fared well in this budget and successful schemes are being continued into the 12th Five Year Plan Period ending on March 31, 2017.

This budget provides support for technology upgradation, tackling pollution and boosting competitiveness to the Indian textile sector. Key budgetary support schemes presented in the new Indian budget are:

1. Continuation of the Technology Upgradation Fund (TUF) Scheme;
2. Scheme for Integrated Textile Parks (SITP);
3. Reduction in the base custom duty for imported textile machinery and parts from 7.5% to 5.0% and





4. Extending optional route for central excise duty for the fibres to finished goods value-chain.

With the continuation of successful support schemes such as TUF and SITP, one hopes India's global share in the textile market will substantially improve. Funds have also been allocated for the National Skill Development Corporation for technical skill up gradation.

Specifically, incentives for the apparel sector to tackle technology, weak-links and pollution issues are favourable aspects in the budget. The textile industry is appreciative of the optional route in the central excise duty provided to branded garments and made-ups. One can state that this support will provide a level playing field for the textile value-chain and will make domestic textile industry to be competitive against low wage countries.

India employees about 100 million people in various forms related to the textile industry. This number is about 1/3rd of the total population of the United States. Owing to the employment and revenue generation, India has a cabinet level ministry for the textile sector.

**SWOT Analysis:**

**Strengths:** Our strengths are,

- ◆ Experienced management team with exposure in textile industry to run the operations.
- ◆ Good reputation in the market due to quality and timely supplies.
- ◆ Emphasis on quality of product nurtured across the company
- ◆ The business model is simple & needs minimum marketing requirement.
- ◆ India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibres like polyester, silk, viscose etc.,

**Weaknesses**

- ◆ There is disadvantage in the form of increased power tariff, other input costs etc.

**Opportunities**

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

**Threats**

- ◆ Tough competition from the top domestic market players of the industry.
- ◆ Threat of cheap Chinese import of yarn in Indian as well as global market.
- ◆ Raw materials constitute a significant percentage of the Company's total expenses. However, this is common for any spinning unit.
- ◆ The decline in the TUFs assistance is negative for the textile Industry.

**RISKS AND CONCERNS**

In 2012-13, inflation has increased rapidly and touched record highs. Usually, growing inflation dampens consumer demand for household goods, including textiles and apparels. If India's inflation continues to stay at such a level, there is a risk that domestic sales would be negatively impacted. We suffer on account of poor infrastructure, high transaction cost, not so favourable labour laws, increased power tariff and fuel cost, uncertainty in the government policies, etc. Structural weaknesses need to be addressed particularly in the wake of growing threat from China and other countries.



## **OUTLOOK**

The economy is on the path of recovery and the Company expects good demand for its products in domestic as well as international markets. Major markets for Indian Textile and Clothing (T&C) export are the USA and EU and they have much recovered from the recession of the past years. The domestic market is also on the path of healthy growth because of the fact that few manufacturing facilities operating abroad have closed down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.,

## **INTERNAL CONTROLS AND THEIR ADEQUACY**

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

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

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

The Company has recorded higher volumes, operation profit and improved on several operational activities primarily because of the commitment, initiatives and high energy demonstrated by the employees at all levels. Human Capital is the most valuable resource of an organization. Development of human capital has always been the thrust area of the Company. Industrial relations is geared at developing and aligning the operatives to the overall vision of the organization. Your Company takes adequate steps for maintaining safety and healthy environment for the workers and the Directors place on record their sincere appreciation for the excellent team work with which the workers and the staff of the Company at all levels contribute for the better performance of the Company.

## **CAUTIONARY STATEMENT**

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

## REPORT ON CORPORATE GOVERNANCE

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges in India (Clause 49) and some of the best practices followed internationally on Corporate Governance, the report containing the details of governance systems and processes at Suryaamba Spinning Mills Limited.

### 1. COMPANY'S PHILOSOPHY

Effective Corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. These practices are categorised through principle based standards and not just through a framework enforced by regulation.

At Suryaamba Spinning Mills Limited, We believe in highest standard of Corporate Governance practices and committed to abide by those standards and even to go beyond statutory requirements. The Board of Directors exercises its fiduciary responsibilities in attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interaction with its stakeholders, including shareholders, employees and the Government. This is intended to enhance and retain investors' trust.

### 2. BOARD OF DIRECTORS

#### **Composition, category of Directors and attendance record for the year 2012-2013:**

The Board of Directors along with its Committees provides leadership and guidance to the company's management and directs, supervises and controls the performance of the Company. The Board comprises a combination of Executive and Non Executive Directors. In the financial year, the board consists of 6 Directors out of which 3 were Executive Directors, 3 are Non-executive Independent Directors. The Non Executive Directors bring independent views and judgment in the decision making process of the Board.

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

Name of the Director	Category	Board meetings Attended	Attendance at last AGM held on 04.08.2012
Sri Pundlik Sampatrao Thakare	Non-Executive/ Independent	8	Yes
Sri Sanjiv A Agrawal#	Non-Executive/ Independent	2	Not Present
Sri Amit Goela	Non-Executive/ Independent	1	Not Present
Sri Virender Kumar Agarwal	Executive/Promoter	8	Yes
Smt Seema Rani Agarwal	Executive/Promoter	8	Yes
Sri Mayank Agarwal	Executive/Promoter	8	Yes
Sri Pujit Agarwal*	Non-Executive/ Non-Independent	-	N.A.

# Sri Sanjiv Agrawal, had resigned from the office of Director w.e.f. 5th January, 2013.

\* Sri Pujit Agarwal appointed on the Board w.e.f. 5th July,2013.

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

Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
Sri Pundlik Sampatrao Thakare	Nil	Nil	Nil
Sri Amit Goela	4	Nil	Nil
Sri Virender Kumar Agarwal	1	Nil	Nil
Smt Seema Rani Agarwal	Nil	Nil	Nil
Sri Mayank Agarwal	Nil	Nil	Nil
Sri Pujit Agarwal	Nil	Nil	Nil

Other Directorships do not include alternate Directorships, Directorships in Private Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanship/ Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

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

During the period under review Eight Board meetings were held on 29th May, 2012, 06th July, 2012, 27th July, 2012, 20th October, 2012, 14th November, 2012, 14th February, 2013, 06th March, 2013 and 29th March, 2013. The maximum time-gap between any two consecutive meetings did not exceed four months

**Re-appointment of Retiring Directors:**

In accordance with the Articles of Association of the Company, Sri Amit Goela Director of the Company will retire at the ensuing 6th Annual General Meeting of the Company and, being eligible, offer himself for re-appointment.

**Brief Resume of Director seeking re-appointment**

**Sri Amit Goela**

Sri Amit Goela, aged about 48 years has done MBA (University of Florida). He is a partner & Research Head in Rate Enterprises (Portfolio Managers), Mumbai. He is having a vast experience of over 10 years in this field. He is not holding any share of the Company.

**Sri Mayank Agarwal**

Sri mayank Agarwal, aged about 23 years is an Whole-time Director and has been taking care of the Marketing sector of the Company. During his tenure, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.

**3. Audit Committee**

In compliance with Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956, Board of Directors of the Company has constituted an Audit Committee in the Board Meeting held on 26th February, 2008.

**a) Brief description of terms of reference:**

**The terms of reference include the following:**

1. Authority to investigate into any matter that may be prescribed under the Act and for the purpose the audit committee shall have full access to information contained in records of the Company and external professional advice, if necessary.
-

2. Conduct discussions with auditors periodically about internal control systems, the scope of audit including the observations of the auditors.
3. Review of quarterly, half yearly and annual financial statements.
4. Recommendations made by audit committee on any matter relating to the financial statements shall be binding on the board.
5. Review of Company's financial and risk management policies.

**b) Composition and Chairperson:**

1.	Sri Pundlik Sampatrao Thakare	Chairman
2.	Sri Sanjiv A Agrawal	Member
3.	Smt. Seema Rani Agarwal	Member

Smt. Seema Rani Agarwal is a Executive Director of the Company and all other Directors are Non Executive and Independent Directors on the Board of Directors of the Company.

Due to Resignation of Sri.Sanjiv A Agrawal, the Audit Committee has been re-constituted on 14th February, 2013 as follows :

1.	Sri Pundlik Sampatrao Thakare	Chairman
2.	Sri Amit Goela	Member
3.	Smt. Seema Rani Agarwal	Member

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

During the year under review, four Audit Committee meetings were held on 29th May, 2012, 27th July, 2012, 14th November, 2012 and 14th February, 2013. The attendance of each member of the Committee is given below:

Sl. No.	Name	No. of Meetings attended
1.	Sri Pundlik Sampatrao Thakare	4
2.	Sri Sanjiv A Agrawal	3
3.	Smt. Seema Rani Agarwal	4
4.	Sri Amit Goela	1

**4. Remuneration committee:**

**a) Brief description of terms of reference:**

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

**b) Composition and Chairperson:**

Sl. No.	Name	Category	Designation
1	Sri Sanjiv A Agrawal	Non-Executive Independent	Chairman
2	Sri Pundlik Sampatrao Thakare	Non-Executive Independent	Member
3	Sri Amit Goela	Non-Executive Independent	Member

---

Due to Resignation of Sri.Sanjiv A Agrawal, the Remuneration Committee has been re-constituted on 5th July,2013 as follows:

Sl. No.	Name	Category	Designation
1	Sri Pundlik Sampatrao Thakare	Non-Executive Independent	Chairman
2	Sri Amit Goela	Non-Executive Independent	Member
3	Sri Pujit Agarwal	Non-Executive/ Non Independent	Member

**c) Attendance during the year:**

During the year under review, One remuneration Committee meeting was held on 27th July, 2012. The attendance of each member of the committee is given below:

**d) Remuneration policy:**

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

**e) Details of remuneration paid to Directors:**

A detail of remuneration paid to Managerial Persons of the Company during the year 2012-2013 is given below

<b>Sri. Virender Kumar Agarwal - Managing Director</b>			
Salary (₹)	Perquisites (₹)	Contribution to PF (₹)	Total (₹)
16,80,000	11,19,888	2,01,600	30,01,488

<b>Smt. Seema Rani Agarwal - Joint Managing Director</b>			
Salary (₹)	Perquisites (₹)	Contribution to PF (₹)	Total (₹)
14,40,000	8,15,904	1,72,800	24,28,704

<b>Sri. Mayank Agarwal - Whole time Director</b>			
Salary (₹)	Perquisites (₹)	Contribution to PF (₹)	Total (₹)
11,40,000	6,45,936	1,36,800	19,22,736

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 such years on such terms and conditions mentioned in the respective resolutions passed by the shareholders of the Company in general meetings, which do not provide for severance fees.

The detail of Sitting Fees paid to the non Executive Directors for attending Board and Committee meetings during the financial year 2012-2013 is given below:

Sl. No	Name of the Director	Sitting Fees paid for Board Meeting (₹)	Sitting Fees paid for Audit Committee Meeting(₹)
1.	Sri Pundlik Sampatrao Thakare	16,000	8,000
2.	Sri Amit Goela	2,000	2,000
3.	Sri Sanjiv A Agarwal	4,000	4,000
4.	Sri Pujit Agarwal	-	-

Note: There was no sitting fees paid in reference to Remuneration Committee Meetings.

#### 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

The role of the Committee is to periodically review and redress the shareholders and investor's complaints pertaining to transfer of shares, non receipt of annual reports, non-receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

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

The composition of the Committee and the details of meetings attended by its members are given below:

S.No.	Name	Category	Designation
1.	Sri Pundlik Sampatrao Thakare	Non-Executive Independent	Chairman
2.	Sri Amit Goela	Non-Executive Independent	Member
3.	Sri Sanjiv Agarwal	Non-Executive Independent	Member

Due to Resignation of Sri. Sanjiv A Agarwal, the Audit Committee has been re-constituted on 14th February, 2013 as follows :

S.No.	Name	Category	Designation
1.	Sri Pundlik Sampatrao Thakare	Non-Executive Independent	Chairman
2.	Sri Amit Goela	Non-Executive Independent	Member
3.	Smt Seema Rani Agarwal	Executive/Promoter	Member

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

Sri Virender Kumar Agarwal, Managing Director is the Compliance officer of the Company.

##### c) Number of Shareholders complaints received so far:

11 Complaints were received by the Company during the year.

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

All the complaints were resolved to the satisfaction of shareholders

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

There were no transfers pending.

**6. GENERAL BODY MEETINGS**

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

Financial year	Date	Venue	Time
2009-10	23.09.2010	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500016	3.00 P.M.
2010-11	23.09.2011	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500016	5.00 P.M.
2011-12	04.08.2012	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500016	5.30 P.M.

b) **Special Resolution passed in the previous three (3) Annual general meeting (AGMs)**

Date	No. of Special Resolutions Passed	Particulars of the Special Resolution
23-09-2010	1	1. Alteration of Articles of Association of the Company for increase in Authorised Capital from ₹ 7,00,00,000/- to ₹ 13,00,00,000/-.
23-09-2011	5	1. Re-appointment of Sri Virender Kumar Agarwal as Managing Director of the Company and to fix his remuneration. 2. Re-appointment of Smt. Seema Rani Agarwal as Managing Director of the Company with a designation of Joint Managing Director and to fix her remuneration 3. Revision of Remuneration of Sri Mayank Agarwal Whole-Time Director of the Company. 4. Alteration of Articles Association of th Company for increase in Authorised capital from ₹ 13,00,00,000/- to ₹ 20,00,00,000 5. Further Issue of Preference Shares of the Company
04.08.2012	Nil	Nil

**c) Whether special resolutions were put through postal ballot last year: Yes**

For the year ended 31st March 2013, company has issued 7,03,944 convertible warrants on preferential basis to the promoters of the company and the resolution for the same has been passed through Postal Ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

**Details of voting pattern:**

<b>Number of valid postal ballot forms received</b>	<b>34</b>
Votes in favour of the Resolution	1421741
Votes against the Resolution	9138
Number of Invalid postal ballot forms received	03

**d)** Person who conducted the postal ballot exercise: Sri R.Ramakrishna Gupta, Company Secretary in Practice.

**e)** Whether any resolution is proposed to be conducted through postal ballot: NIL

**f)** Procedure for postal ballot: Not Applicable

**7. DISCLOSURES:**

**a)** CEO and CFO Certificate

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

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

There were no materially significant related party transactions having potential conflict with the interests of the company at large. Transactions with related parties are disclosed in Note No. 32 of Notes to the financial statements.

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

**d)** Whistle Blower Policy:

The Company has not established a whistle blower policy. We further affirm that during the year 2012-13, no person has denied access to the audit committee.

**e)** The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to clause 49 of the Listing Agreement with the Stock Exchanges:

**f)** The Company has set up a Remuneration Committee. Please see the para on Remuneration Committee for details.



**8. MEANS OF COMMUNICATION.**

- a) Half yearly report sent to each household of shareholders:  
No, as the results of the Company are published in the Newspapers having wide circulation.
- b) Newspapers in which Quarterly results normally published:  
During the year under review, the Company has published the un-audited results as per listing requirement with the Stock Exchange in Business Standard (English Daily) and Praja Shakti (Telugu Daily).
- c) Website, where the results and other official news releases are displayed.  
www.Suryaamba.com
- d) Whether the Management Discussion and Analysis is a part of the Annual Report.  
The Management Discussion and Analysis is a part of the Annual Report

**9. GENERAL SHAREHOLDER INFORMATION**

a)	Annual General Meeting		
	a) Date	:	11 th September, 2013
	b) Time	:	2.30 p.m.
	c) Venue	:	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad- 500016
b)	Financial Calendar	:	1st April to 31st March
c)	Date of Book closure	:	09th September, 2013 to 11th September, 2013
d)	Dividend Payment Date	:	Within 30 days from the date of Annual General Meeting.
e)	Listing on Stock Exchanges	:	The Company's shares are listed in Bombay Stock Exchange Limited (BSE).

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

Name and Address of the Stock Exchange	Scrip Code
Bombay Stock Exchange Limited, Mumbai (BSE) Phiroze Jeejeebhoy Towers, Dalal street, Mumbai - 400 001.	533101

The listing fee for the year 2012-13 has been paid to Stock Exchange.

- f) Market Price Data: Monthly High and Low prices of Suryaamba Spinning Mills Ltd at Bombay Stock Exchange (BSE) for the year ended 31st March 2013 are furnished hereunder:

Month	Bombay Stock Exchange	
	High (₹)	Low (₹)
April 2012	27.10	22.40
May 2012	28.60	24.55
June 2012	28.00	22.25
July 2012	28.80	22.70
August 2012	28.20	23.80
September 2012	25.30	19.90
October 2012	28.55	21.05
November 2012	36.75	24.30
December 2012	33.90	26.85
January 2013	35.50	28.45
February, 2013	33.85	25.35
March, 2013	30.65	24.05

**g) Registrar & Transfer Agents:**

M/s. Karvy Computershare Private Limited  
 Plot No.17-24,Vittal Rao Nagar, Madhapur, Hyderabad- 500 081.  
 Phone No. 040-23420818  
 Fax No.040-23420814  
 E-Mail: einward.ris@karvy.com

**e) Share transfer System:**

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

The Company ensures that all transfers are affected within a period of 15 days from the date of their lodgement with the Company.

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

**i) Distribution of Shareholding:**

(i) Shareholding pattern as on 31st March 2013

S.No	Category	No. of Shares held	Percentage of shareholding
1.	Promoters	1556832	66.19
2.	Mutual Funds and UTI	64	0.00
3.	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	870	0.04
4.	Corporate Bodies	67934	2.89
5.	Public	699957	29.76
6.	NRIs/OCBs	26343	1.12
7.	Others	0	0
	<b>TOTAL</b>	<b>23,52,000</b>	<b>100</b>

(ii) Distribution of Shareholding as on 31st March 2013

No. of Equity Shares held	ShareHolders		Shares	
	Number	% to	in ₹	% of
1 - 5000	2946	92.47	2835400.00	12.06
5001-10000	113	3.55	855310.00	3.64
10001-20000	65	2.04	962650.00	4.09
20001-30000	17	0.53	440040.00	1.87
30001-40000	15	0.47	534550.00	2.27
40001-50000	09	0.28	408810.00	1.74
50001-100000	10	0.31	872430.00	3.71
100001- Above	11	0.35	16610810.00	70.62
<b>TOTAL</b>	<b>3186</b>	<b>100</b>	<b>23520000.00</b>	<b>100</b>

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

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

**k) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity:** The Company has 5,79,944 Warrants convertible into Equity shares, within 18 months from the date of Allotment i.e., 7th December, 2012.

- l) **Plant Locations:**  
Mouza-Nayakund  
Near Ramtek, Nagpur, Maharashtra.

m) **Address for Correspondence:**

For transfer/dematerialization of shares, change of address of members and other queries relating to the shares of the company:	Any queries relating to Annual reports, etc.
M/s. Karvy Computershare Private Limited Plot No.17-24,Vittal Rao Nagar, Madhapur, Hyderabad- 500 081. Ph. No. 040-23420818 Fax No.040-23420814 E-Mail: einward.ris@karvy.com	The Compliance Officer, Suryaamba Spinning Mills Limited Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad - 500 003. Andhra Pradesh. Phone No.040-27813360 E-mail: mails@suryaamba.com

**NON-MANDATORY REQUIREMENTS**

- a) **Chairman of the Board**  
A Non-Executive Chairman heads the Board of Directors of the Company.
- b) **Remuneration Committee**  
The Board has constituted a Remuneration Committee which is as follows:

Sl. No.	Name	Category	Designation
1	Sri Sanjiv A Agarwal	Non-Executive Independent	Chairman
2	Sri Pundlik Sampatrao Thakare	Non-Executive Independent	Member
3	Sri Amit Goela	Non-Executive Independent	Member

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

- c) **Shareholder Right**  
As the quarterly, half yearly and annual results are published in leading newspapers having wide circulation; the same are not sent to individual shareholders of the Company.
- d) **Postal Ballot**  
The Company had no occasion to place a resolution requiring Postal Ballot for shareholders' approval.

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

Place: Nagpur  
Date: 06.08.2013

**Virender Kumar Agarwal  
Managing Director**

**Seema Rani Agarwal  
Joint Managing Director**



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

We, Virender Kumar Agarwal, Managing Director and Milind M. Bangre, Manager (Finance &Accounts) of Suryaamba Spinning Mills Limited hereby certify to the Board that:

- (a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2013 and certify that to the best of our knowledge and belief;
  - i. These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
- (c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or

propose to take and rectify the identified deficiencies;

- (d) We have indicated to the auditors and the Audit Committee of:
  - i. Significant changes in the internal control during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. There are no instances of significant fraud of which we have become aware.
- (e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- (f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

**Virender Kumar Agarwal**  
**Managing Director**

**Milind M. Bangre**  
**Manager (Finance & Accounts)**

**Place : Nagpur**  
**Date: 06.08.2013**



**INDEPENDENT AUDITOR'S REPORT**

To,  
The Members,  
SURYAAMBA SPINNING MILLS LIMITED .

**Report on the Financial Statements :**

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

**Management's responsibility for the financial Statements :**

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

**Auditor's Responsibility :**

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

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

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion :**

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

- a) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2013
- b) In the case of the Statement of Profit and Loss, of the Profit for the Year ended on that date; and
- c) In the case of Cash flow statement, of the Cash Flows for the year ended on that date.

**Report on Other legal and Regulatory requirements :**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of

Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.Venkatadri & Co.**,  
Chartered Accountants  
Firm's Regn No.004614S

**(K.SRINIVASA RAO)**  
PARTNER  
M.No.201470

**Place : Hyderabad**  
**Date : 25.05.2013**

**Annexure to the Auditor's Report**  
**The Annexure referred to in paragraph 1 of Our Report of even date**

To,  
The members of,  
SURYAAMBA SPINNING MILLS LIMITED.

on the accounts of the company for the year ended 31st March, 2013. We report that:

**(i).**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed off any substantial part of its fixed assets, affecting the going concern status of the company.

**(ii).**

- a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable and adequate.
- b) 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 verification between the physical stocks and the book records were not material.

**(iii).**

- a) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the

Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b), (c) and

- d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
  - e) The company has taken unsecured loans from directors covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 310.10 Lakhs, and the year end balance of loans is ₹134.95 Lakhs
  - f) In our opinion, the rate of interest and other terms and conditions on which loan taken from the above parties are not, prima facie, prejudicial to the interest of the company.
- iv).** In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v).**
- a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements with the parties entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs hence the reporting requirement under this clause does not apply.





- vi). The company has not accepted any deposits from the public governed by sections 58 A and 58 AA of the companies act 1956 for the year under reference. As per the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii). In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government U/s 209 (1) (d) of the companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have not, however, carried out detailed examination of the same.
- ix).
- a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including income tax, Provident Fund, Employees state insurance, sales tax, wealth tax, custom duty, excise duty, cess, Service Tax and other material statutory dues as applicable, with the appropriate authorities. Investor education and protection fund and are not applicable to the company for the current year. No undiputed amounts payable in respect of the aforesaid dues were outstanding as at 31.03.2013 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, and the records of the company examined by us, there are no dues of sales tax, income tax, Service Tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x). The company has no accumulated losses and has not incurred any cash losses in the financial year under reference, however it has incurred cash losses in the immediately preceding financial year.
- xi). In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii). In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii). In our opinion, and according to the information and explanations given to us, 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.
- xiv). In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv). The company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi). In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which the loans were obtained.
- xvii). According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii). According to the information and explanations given to us, the company has



not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.

- xix).** According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- xx).** The company has not raised any money by way of public issue during the year.
- xxi).** In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **S. Venkatadri & Co.,**  
Chartered Accountants  
Firm's Regn No. 004614S

**(K. SRINIVASA RAO)**  
PARTNER  
M.No. 201470

Place : Hyderabad  
Date : 25.05.2013

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
SURYAAMBA SPINNING MILLS LIMITED

We have examined the compliance of conditions of Corporate Governance by SURYAAMBA SPINNING MILLS LIMITED, for the year ended on 31st March, 2013, as stipulated in clause 49 of the listing Agreement of the said company with Stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing Agreement.

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 **S. Venkatadri & Co.,**  
Chartered Accountants  
Firm Regn No. 004614S

**(K.SRINIVASA RAO)**  
PARTNER  
M. No. 201470

**Place : Hyderabad**  
**Date : 25.05.2013**

**Balance Sheet as at 31st March,2013**
**(Figures in ₹ Lakhs)**

Particulars	Note No.	As At 31.03.2013	As At 31.03.2012
1	2	3	4
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	1,008.20	995.80
(b) Reserves and surplus	2	1,627.98	1,538.52
(c) Money received against share warrants		36.46	-
		<u>2,672.64</u>	<u>2,534.32</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	1,600.29	1,765.17
(b) Deferred tax liabilities (Net)		109.08	88.24
(c) Long-term provisions	4	267.39	250.12
		<u>1,976.76</u>	<u>2,103.53</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5	1,432.51	1,207.03
(b) Other current liabilities	6	603.94	768.11
(c) Short-term provisions	7	300.43	107.97
		<u>2,336.88</u>	<u>2,083.11</u>
	<b>TOTAL</b>	<b><u>6,986.28</u></b>	<b><u>6,720.96</u></b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	8		
(i) Tangible assets		4,397.41	4,666.38
(ii) Capital work-in-progress		248.11	-
(b) Long-term loans and advances	9	81.13	76.59
		<u>4,726.65</u>	<u>4,742.97</u>
<b>2 Current assets</b>			
(a) Inventories	10	628.22	746.48
(b) Trade receivables	11	977.24	670.16
(c) Cash and cash equivalents	12	45.22	58.84
(d) Short-term loans and advances	13	157.90	185.83
(e) Other current assets	14	451.05	316.68
		<u>2,259.62</u>	<u>1,977.99</u>
	<b>TOTAL</b>	<b><u>6,986.28</u></b>	<b><u>6,720.96</u></b>

The notes referred to above form an integral part of financial statements.

per Our Report of even date

**for S.Venkatadri & Co.**

Chartered Accountants

Firm's Regn No : 004614S

**For and on behalf of the Board**

**K.Srinivasa Rao**

Partner

Membership No. 201470

**Place : Hyderabad**

**Date : 25th May, 2013**

**Virender Kumar Agarwal**

Managing Director

**Seema Rani Agarwal**

Jt Managing Director

**Profit and loss statement for the year ended 31st March, 2013 (Figures in ₹ Lakhs)**

Particulars	Refer Note No.	Current Year	Previous Year
<b>I.</b> Revenue from operations	15	13,446.02	10,191.29
<b>II.</b> Other income	16	72.96	32.21
<b>III. Total Revenue (I + II)</b>		<b><u>13,518.98</u></b>	<b><u>10,223.50</u></b>
<b>IV. Expenses:</b>			
Cost of materials consumed	17	9,411.83	7,965.14
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	18	36.07	(350.92)
Employee benefits expense	19	851.11	905.11
Finance costs	20	473.84	550.24
Depreciation and amortization expense	21	285.36	296.14
Other expenses	22	2,169.17	1,748.62
Total expenses		<b><u>13,227.38</u></b>	<b><u>11,114.33</u></b>
<b>V. Profit before tax</b>		<b><u>291.60</u></b>	<b><u>(890.83)</u></b>
<b>VI. Tax expense:</b>			
(1) Current tax		63.48	-
(2) Deferred tax (Asset)/Liability		20.84	(285.13)
Sub-Total - Tax expense		<u>84.32</u>	<u>(285.13)</u>
<b>VII. Profit (Loss) for the period</b>		<b><u>207.28</u></b>	<b><u>(605.70)</u></b>
<b>VIII. Earnings per equity share:</b>			
(1) Basic		4.18	(27.18)
(2) Diluted		3.35	(27.18)

The notes referred to above form an integral part of financial statements.

per Our Report of even date

**for S.Venkatadri & Co.**

Chartered Accountants

Firm's Regn No : 004614S

**For and on behalf of the Board**

**K.Srinivasa Rao**

Partner

Membership No. 201470

**Virender Kumar Agarwal**

Managing Director

**Seema Rani Agarwal**

Jt Managing Director

**Place : Hyderabad**

**Date : 25th May, 2013**

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

(Figure in ₹ Lakhs)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>A. Cash Flow from Operating Activities :</b>		
Net profit before tax	291.60	(890.83)
Adjustment for: Deprecation	284.90	295.68
Finance Charges	455.33	506.01
Preliminary Expenses Written Off	0.46	0.46
Debit Balance and Bad Debts written off	0.17	0.88
Interest earned	(6.05)	(5.94)
Excess Provisions / Credit Balance Written Back	-	(4.90)
	<u>734.81</u>	<u>792.19</u>
Operating Profit before working capital changes	1,026.41	(98.63)
Adjustment for working capital changes:		
Decrease/(Increase) in Inventories	118.26	(456.80)
Decrease/(Increase) in Receivables	(418.04)	671.80
(Decrease)/Increase in Liabilities	<u>105.58</u>	<u>136.64</u>
	<u>(194.20)</u>	<u>351.64</u>
Operating Profit after working capital changes	832.21	253.01
Less: Taxes Paid	17.41	137.59
<b>Net Cash Inflow from Operating Activity (A)</b>	<b><u>814.80</u></b>	<b><u>115.42</u></b>
<b>B. Cash Flow from Investing Activities :</b>		
Acquisition of Fixed Assets including		
Capital Work In Progress	(264.07)	(165.92)
Interest Received	7.23	4.56
<b>Net Cash Outflow from Investing Activity (B)</b>	<b><u>(256.84)</u></b>	<b><u>(161.36)</u></b>
<b>C. Cash Flow from Financing Activity :</b>		
Share Application Money Received	67.65	223.00
Redemption of Preference Share Capital		(14.92)
Increase in Term Loan	-	200.00
Repayment of Term Loans	(231.84)	(179.16)
Increase/(Decrease) in Working Capital Loans	222.42	60.12
Hire Purchase Loan	9.00	-
Repayment of Hire Purchase Loans	(5.94)	(11.21)
Loan from Directors	(175.16)	196.33
Dividend and Dividend Distribution Tax Paid	-	(25.84)
Interest Paid	(457.71)	(493.79)
<b>Net Cash Outflow from Financing Activity (C)</b>	<b><u>(571.58)</u></b>	<b><u>(45.47)</u></b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents during the Financial Year (A+B+C)</b>	<b>(13.62)</b>	<b>(91.41)</b>
Add : Cash and Cash Equivalent at the beginning of the year	58.84	150.25
Cash and Cash Equivalent at the close of the year	<u>45.22</u>	<u>58.84</u>

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard, AS - 3 : Cash Flow Statements issued by the Institute of Chartered Accountants of India.

Per our report of even date

**for S.Venkatadri & Co.**

Chartered Accountants

Firm's Regn No : 004614S

**K.Srinivasa Rao**

Partner

Membership No. 201470

Place : Hyderabad

Date : 25th May, 2013

**For and on behalf of the Board**
**Virender Kumar Agarwal**

Managing Director

**Seema Rani Agarwal**

Jt Managing Director

**Notes to the Financial Statements**
**Note 1 Share Capital :**
**(Figures in ₹ Lakhs)**

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs.10 each	5,000,000	500.00	5,000,000	500.00
Cumulative Redeemable Preference shares of Rs.100 each	1,500,000	1,500.00	1,500,000	1,500.00
	6,500,000	2,000.00	6,500,000	2,000.00
<b>Issued</b>				
Equity Shares of Rs.10 each	2,352,000	235.20	2,228,000	222.80
8% Cumulative Redeemable Preference shares of Rs.100 each	773,000	773.00	773,000	773.00
	3,125,000	1,008.20	3,001,000	995.80
<b>Subscribed and Paid Up</b>				
Equity Shares of Rs.10 each	2,352,000	235.20	2,228,000	222.80
8% Cumulative Redeemable Preference shares of Rs.100 each	773,000	773.00	773,000	773.00
<b>Total</b>	<b>3,125,000</b>	<b>1,008.20</b>	<b>3,001,000</b>	<b>995.80</b>

**(a) The reconciliation of the number of shares outstanding is let out below :**

Particulars	Equity Shares		Preference Shares	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Shares outstanding at the beginning of the year	2,228,000	2,228,000	773,000	14,922
Shares Issued during the year	124,000	-	-	773,000
Shares redeemed /bought back during the year	-	-	-	14,922
Shares outstanding at the end of the year	<b>2,352,000</b>	<b>2,228,000</b>	<b>773,000</b>	<b>773,000</b>

**(b) The details of shareholders holding more than 5% of shares.**

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri Virenderkumar Agarwal	935,191	39.76%	891,191	40.00%
Smt Seemarani Agarwal	467,250	19.87%	427,250	19.18%
Sri Mayank Agarwal	137,053	5.82%	-	

**(c) Details of Cumulative Redeemable Preference Shares**

Nature	Amount	Date of Issue	Date of Redemption
8% Cumulative Redeemable Pref Shares of Rs. 100/- each	55,000,000	18-07-2011	17-07-2016
8% Cumulative Redeemable Pref Shares of Rs. 100/- each	22,300,000	20-03-2012	19-03-2017
<b>Total</b>	<b>77,300,000</b>		

**Note 2 Reserves & Surplus :**

(Figures in ₹ Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. Securities Premium Account</b>		
At the commencement of the year	252.30	252.30
(+) Addition during the year	18.79	-
Closing Balance	<u>271.09</u>	<u>252.30</u>
<b>b. Investment Subsidy</b>		
At the commencement of the year	30.00	30.00
Closing Balance	<u>30.00</u>	<u>30.00</u>
<b>c. Preference Capital Redemption Reserve</b>		
At the commencement of the year	57.53	57.53
(+) Current Year Transfer	-	-
Closing Balance	<u>57.53</u>	<u>57.53</u>
<b>d. General Reserve</b>		
At the commencement of the year	1,201.25	1,201.25
(+) Current Year Transfer	0.50	-
Closing Balance	<u>1,201.75</u>	<u>1,201.25</u>
<b>e. Profit and Loss Account</b>		
At the commencement of the year	(2.56)	603.14
Add : Profit for the year	207.28	(605.70)
Less: Proposed Dividend on Equity Shares	23.52	-
Proposed Dividend on Preference Shares	93.24	-
Corporate Dividend Tax	19.84	-
Transfer to General Reserve	0.50	-
Closing Balance	<u>67.62</u>	<u>(2.56)</u>
<b>Total</b>	<u><b>1,627.98</b></u>	<u><b>1,538.52</b></u>

**Note 3 Long Term Borrowings :**

<b>Secured Term loans</b>		
from SBI-IFB, Hyderabad		-
Rupee term Loan-2	<u>1,465.34</u>	<u>1,455.07</u>
	1,465.34	1,455.07
<p><b>Note:</b> The Loans referred above are secured by mortgage of (present &amp; future) movable and immovable properties of the Company on first charge pari passu basis and guaranteed by two Promotor Directors of the Company in their personal capacities.</p>		



(Figures in ₹ Lakhs)

Particulars		As At 31 March 2013	As At 31 March 2012
<b>Terms of Repayment :</b>	Sanction Date	Rate of Interest	Quarterly Instalments
Rupee term Loan-2	<u>24.01.2013</u>	<u>12.50%</u>	<u>32</u>
<b>Other loans and advances</b>			
<b>Unsecured</b>			
<b>Other Long Term Borrowings</b>			
(I) Loans and advances from related parties		134.95	310.10
Unsecured Loan from Directors		<u>134.95</u>	<u>310.10</u>
<b>Total</b>		<b><u>1,600.29</u></b>	<b><u>1,765.17</u></b>

**Note 4 Long Term Provisions :**

<b>(a) Provision for employee benefits</b>		
Gratuity (unfunded)	228.09	218.14
Leave Encashment (unfunded)	39.30	31.98
<b>Total</b>	<b><u>267.39</u></b>	<b><u>250.12</u></b>

**Note 5 Short Term Borrowings :**

<b>Secured</b>		
<b>(a) Loans repayable on demand from banks</b>		
(I) State Bank of India		
Cash Credit	1,298.26	1,013.13
SLC	-	152.06
(II) Axis Bank Limited		
Cash Credit	<u>112.96</u>	<u>23.61</u>
	<b><u>1,411.22</u></b>	<b><u>1,188.80</u></b>
All Working Capital loans are secured by hypothecation of stocks of raw materials, yarn, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company on pari-passu basis and further guaranteed by two Promoter Directors of the Company in their personal capacities.		
<b>(b) Other loans and advances</b>		
<b>Vehicle Hire Purchase Loan</b>		
from HDFC Bank Limited	-	0.63
from BMW India Financial Limited	13.64	17.60
from ICICI Bank Limited	<u>7.65</u>	-
	<u>21.29</u>	<u>18.23</u>
<b>Total</b>	<b><u>1,432.51</u></b>	<b><u>1,207.03</u></b>

**Note 6 Other Current Liabilities :**

(Figures in ₹ Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Current maturities of long-term debt		
<b>Term Loan from SBI-IFB, Hyderabad</b>		
(i) Rupee term Loan-1 (Under TUFs)	-	79.66
(ii) Rupee term Loan-2	40.00	202.45
	<u>40.00</u>	<u>282.11</u>
(b) Unclaimed dividends	3.50	3.61
(c) Creditors for Supplies		
Due to Small and Micro Enterprises	60.98	63.38
Others	300.42	310.55
(d) Other payables	190.55	90.94
(e) Other payables - Statutory dues	8.49	17.52
	<u>563.94</u>	<u>486.00</u>
<b>Total</b>	<b><u>603.94</u></b>	<b><u>768.11</u></b>

**Note 7 Short Term Provisions :**

<b>(a) Provision for employee benefits</b>		
Salary & Reimbursements	72.61	69.40
Contribution to PF & ESI	16.87	11.83
Bonus Payable	26.95	24.96
<b>(b) Others (Specify nature)</b>		
Proposed Preference Shares dividend	93.24	-
Proposed Equity Shares dividend	23.52	-
Corporate Dividend Tax	19.84	-
Provision for Income Tax (Net)	47.40	1.78
<b>Total</b>	<b><u>300.43</u></b>	<b><u>107.97</u></b>


**SURYAAMBA SPINNING MILLS LIMITED**
**Note 8 Fixed Assets : (Figures in ₹ Lakhs)**

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2012	Additions	Disposals	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charged for the Year	On disposals	Balance as at 31 March 2013	Balance as at 1 April 2012
<b>a Tangible Assets</b>									
Land	146.67	-	-	146.67	-	-	-	146.67	146.67
<b>Buildings:</b>									
Factory Buildings	1,384.78	-	-	1,384.78	239.85	46.25	-	1,098.68	1,144.93
Non-Factory Buildings	898.68	-	-	898.68	85.32	12.51	-	800.85	813.36
<b>Plant and Equipment:</b>									
Workshop Equipment	3.19	-	-	3.19	2.49	0.15	-	0.54	0.69
Plant and Machinery	3,880.66	-	-	3,880.66	1,665.87	191.13	-	2,023.66	2,214.79
Testing Equipment	18.75	-	-	18.75	6.00	0.89	-	11.86	12.75
Electrical Installations	363.89	-	-	363.89	139.74	19.21	-	204.94	224.15
Weighing Machines	3.91	-	-	3.91	2.27	0.19	-	1.45	1.63
Water Works	7.12	-	-	7.12	1.59	0.12	-	5.42	5.53
Furniture and Fixtures	49.10	-	-	49.10	23.11	2.25	-	23.73	25.98
Office equipment	29.24	-	-	29.24	13.44	1.34	-	14.45	15.79
Vehicles	79.69	12.92	-	92.61	27.03	8.17	-	57.41	52.66
Data Processing Equipment	38.46	3.01	-	41.47	31.01	2.69	-	7.76	7.45
<b>Total</b>	<b>6,904.14</b>	<b>15.93</b>	<b>-</b>	<b>6,920.07</b>	<b>2,237.72</b>	<b>284.90</b>	<b>-</b>	<b>4,397.41</b>	<b>4,666.38</b>
<b>b Add : Capital Work In Progress</b>									
	-	248.13	-	248.13	-	-	-	248.13	-
	6,904.14	264.06	-	7,168.19	2,237.72	284.90	-	4,645.54	4,666.38
<b>c Less : Internal Transfer</b>									
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,904.14</b>	<b>264.06</b>	<b>-</b>	<b>7,168.19</b>	<b>2,237.72</b>	<b>284.90</b>	<b>-</b>	<b>4,645.54</b>	<b>4,666.38</b>
Previous Year	6,738.22	165.92	-	6,904.14	1,942.05	295.68	-	4,666.38	4,796.15

**Note 9 Long Term Loans and Advances :**
**(Figures in ₹ Lakhs)**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. Deposits Recoverable</b> (Unsecured considered good) (Telephone, MSEDCL Electricity, & other deposits)	81.13	76.59
<b>Total</b>	<b>81.13</b>	<b>76.59</b>

**Note 10 Inventories :**

(Valued and certified by the Management)		
a. Raw Materials	32.68	123.80
b. Stores and spares	91.13	82.19
c. Finished goods	373.81	410.81
d. Work-in-progress	130.48	129.58
e. Others - Waste	0.12	0.10
<b>Total</b>	<b>628.22</b>	<b>746.48</b>

**Note 11 Trade Receivables : (Unsecured and considered Good)**

Receivables due for a period exceeding six months	-	0.67
	-	0.67
Others	977.24	669.49
	977.24	669.49
<b>Total</b>	<b>977.24</b>	<b>670.16</b>

**Note 12 Cash and Cash equivalents :**

a. Balances with Banks With Scheduled Banks	22.52	36.42
b. Cash on hand	0.47	0.08
c. Balance with Banks in unclaimed dividend Accounts	3.50	3.61
d. Fixed Deposits	18.73	18.73
<b>Total</b>	<b>45.22</b>	<b>58.84</b>

Fixed Deposits are kept with Banks towards Margin Money, for various Bank Guarantees given to Government Authorities.

**Note 13 Short-term loans and advances :**
**(Figures in ₹ Lakhs)**

Particulars	As at 31 March 2013	As at 31 March 2012
(Unsecured considered good)		
a. Advances for Capital purchases	88.98	119.18
b. Advances for purchases of Stores	66.32	65.10
c. Advances to Staff	2.60	1.55
<b>Total</b>	<b>157.90</b>	<b>185.83</b>

**Note 14 Other Current Assets :**

Incentives Receivables	173.61	77.44
Pre-paid expenses	3.50	2.67
VAT Receivable	261.11	213.63
Balance With Central Excise Department	4.16	14.98
Accrued interest	6.82	5.64
Deferred Revenue Expenditure	1.85	2.32
<b>Total</b>	<b>451.05</b>	<b>316.68</b>

**Note 15 Sale of Products :**

Particulars	Current Year	Previous Year
Yarn	13,440.55	10,187.72
Waste	5.47	3.57
<b>Total</b>	<b>13,446.02</b>	<b>10,191.29</b>

**Note 16 Other Income :**

Interest Income	6.05	5.94
Export Benefit entitlement	-	4.21
Claims Received	44.27	-
Excess provisions written back	-	1.37
Scrap Sales	1.28	1.00
Miscellaneous Income	21.36	16.17
Credit Balance written Back	-	3.52
<b>Total</b>	<b>72.96</b>	<b>32.21</b>

**Note 17 Cost of materials consumed :**
**(Figures in ₹ Lakhs)**

Particulars	Current Year	Previous Year
Opening Stocks	123.80	2.16
Add : Purchases	9,320.71	8,086.78
	<u>9,444.51</u>	<u>8,088.94</u>
Less : Closing Stocks	32.68	123.80
<b>Total Cost of Material Consumed</b>	<b>9,411.83</b>	<b>7,965.14</b>
<b>Details of Raw Material Consumed :</b>		
Polyester Staple Fibre	9,403.56	7,954.19
Viscose Staple Fibre	8.27	10.95
<b>Total</b>	<b><u>9,411.83</u></b>	<b><u>7,965.14</u></b>

**Note 18 Changes in inventories of Finished Goods, work-in-progress and stock-in-trade**

<b>(INCREASE)/DECREASE IN STOCKS</b>		
<b>OPENING STOCKS:</b>		
Yarn	410.81	136.97
Work-in-process	129.58	52.45
Waste	0.10	0.15
	<u>540.48</u>	<u>189.56</u>
<b>CLOSING STOCKS:</b>		
Yarn	373.81	410.81
Work-in-process	130.48	129.58
Waste	0.12	0.10
	<u>504.41</u>	<u>540.48</u>
<b>(INCREASE)/DECREASE IN STOCKS</b>	<b><u>36.07</u></b>	<b><u>(350.92)</u></b>

**Note 19 Employee Benefits Expense :**

(a) Salaries ,Incentives and Bonus	742.18	816.51
(b) Contributions to Provident Fund	70.57	61.11
(c) Staff welfare expenses	38.36	27.49
<b>Total</b>	<b><u>851.11</u></b>	<b><u>905.11</u></b>

**Note 20 Finance Cost :**

Interest expense	455.33	506.01
Bank Charges	18.51	44.23
<b>Total</b>	<b><u>473.84</u></b>	<b><u>550.24</u></b>

**Note 21 Depreciation and Amortisation expense :**
**(Figures in ₹ Lakhs)**

Particulars	Current Year	Previous Year
Depreciation	284.90	295.68
Amortization expense	0.46	0.46
<b>Total</b>	<b>285.36</b>	<b>296.14</b>

**Note 22 Other Expenses :**

Consumable Stores	252.67	196.28
Power & Fuel	1,147.08	917.47
Rent	12.50	9.84
Rates & Taxes	15.44	19.64
Sales Tax	359.19	219.10
Printing & Stationery	8.71	3.84
Postage, Telegrams & Telephones	5.31	5.31
Traveling & Conveyance	16.10	18.52
Expenses on Sales	50.90	52.28
Commission On Sales	14.06	31.61
Insurance	6.63	5.90
Professional Charges	13.34	8.00
Payment to the Auditors :		
As Auditors	1.01	1.01
For Taxation Matters	0.22	0.22
Cost Audit Fees	0.35	0.35
Repairs to : Buildings	6.38	21.25
: Machinery	34.54	25.86
: Other Assets	3.88	35.08
Vehicle Maintenance	18.74	16.57
Contract Labour Charges	41.29	33.58
Miscellaneous Expenses	87.13	64.48
Bad debts and Debit Balances written off	0.17	0.88
Managerial remuneration	73.53	61.55
<b>Total</b>	<b>2169.17</b>	<b>1748.62</b>

**Note 23 Details of Material Consumed**

	Current Year		Previous Year	
	₹ Lakh	%	₹ Lakh	%
<b>Raw Material</b>				
Indigenous	9,411.83	100.00	7,965.14	100.00
Imported	-	-	-	-
<b>Total</b>	<b>9,411.83</b>	<b>100.00</b>	<b>7,965.14</b>	<b>100.00</b>
<b>Stores &amp; Spares</b>				
Indigenous	90.69	88.36	67.92	88.64
Imported	11.95	11.64	8.70	11.36
<b>Total</b>	<b>102.64</b>	<b>100.00</b>	<b>76.62</b>	<b>100.00</b>

**Note 24 Contingent Liabilities**

(Figures in ₹ Lakhs)

Partuculars	As at March 2012	As at 31 March 2013
Contingent liabilities and commitments (to the extent not provided for)		
(a) Dividend on Preference Shares	-	31.40
(b) Bank Guarantees	14.87	14.57
<b>Total</b>	<b>14.87</b>	<b>45.97</b>

**Note 25 Value of Imports Calculated on C.I.F. Basis**

Value of Imports on C.I.F. Basis	Current Year	Previous Year
Stores and Spare Parts	11.95	8.70

**Note 26 Expenditure in Foreign Currency**

Nil

Nil

**Note 27 Earning in Foreign Currency**

FOB Value of Export	-	110.89
---------------------	---	--------

**Note 28 Earning Per Share**

Disclosure for earning per share as required under "Accounting Standard (AS-20) Earning Per Share" issued by the Institute of Chartered Accountant of India.

Particulars	As at 31 March 2013	As at 31 March 2012
Profit after Tax	207.28	(605.70)
LESS : Preference Dividend provided including Corporate Dividend tax thereon	109.08	-
<b>Profit attributable to Equity Shareholders</b>	<b>98.20</b>	<b>(605.70)</b>
No. of Equity Shares (Face Value Rs.10/-each)	23,52,000	22,28,000
Weighted Average no. of Shares	23,52,000	22,28,000
Earning per Share	4.18	(27.19)

**Note 29 Defferred Tax**

The company has accounted for deferred tax in accordance with the Accounting Standard – 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

Major components of Deferred tax assets and liabilities arising on account of timing differences as on 31st March, 2013:

Deferred Tax Liability (a)		
Depreciation	500.54	475.54
	<u>500.54</u>	<u>475.54</u>
Deferred Tax Assets (b)		
Employee Benefits	82.75	78.87
Unabsorbed Losses	308.72	308.43
	<u>391.47</u>	<u>387.30</u>
<b>Deferred Tax Liability (a-b)</b>	<b>109.08</b>	<b>88.24</b>



**Note 30 Disclosures pursuant to Accounting Standard-15 "Employee Benefit"**

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. **(Figures in ₹ Lakhs)**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>A) Components of expenses recognized in Profit and Loss Account</b>		
Current Service Cost	15.68	16.68
Interest Cost	17.11	11.15
Expected Return on Plan Assets	-	-
Net Actuarial Gain/Loss	(22.86)	67.03
Past Service Cost		
<b>Expenses recognized in profit and loss Account</b>	<b>9.93</b>	<b>94.86</b>
<b>B) Components of Amounts recognized in Balance Sheet</b>		
Opening Defined Benefit Obligation	218.14	139.36
Interest Cost	17.11	11.15
Current Service Cost	15.68	16.68
Benefits Paid	(8.49)	-
Actuarial Gain/Loss	(9.27)	50.95
<b>Closing Net Liability</b>	<b>233.17</b>	<b>218.14</b>
<b>C) Change in Fair Value of plan Assets</b>		
Fair value of plan assets at the beginning of the year	-	16.07
Expected Return on Plan Assets	-	(16.07)
Actuarial Gain/Loss	13.58	-
Assets distributed on settlement	-	
Benefits Paid	(8.49)	-
Fair value of plan assets at the end of the year	<b>5.09</b>	-

The principal assumption used in determining gratuity and leave benefit obligation in the above plan are as under:

Particulars	Current Year	Previous Year
Salary Rise (%)	8	8
Attrituton Rate (%)	4	4
Discount Rate (%)	8	8

**Note 31 Segment Reporting**

The Company is engaged in the business of manufacturing of Yarn and all other activities of the company revolve around the main business and the Company operates in a single geography i.e. India. As per the opinion of the management, disclosure of segment information as prescribed in the Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

**Note 32 Related Party Disclosures**
**(Figures in ₹ Lakhs)**

Disclosures as required under Accounting Standard (AS) 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

Name of the Related Party	Relationship	
Sri Virender Kumar Agarwal	Key	Managing Director
Smt Seema Agarwal	Management	Joint Managing Director
Sri Mayank Agarwal	Personnel	Executive Director

During the period following transactions were carried out with related party in the ordinary course of Business:

Nature of Transaction	Current Year	Previous Year
<b>Transactions during the Year</b>		
<b>a. Unsecured Loans received</b>		
i. Sri VirenderKumar Agarwal	(73.61)	-
ii. Smt Seema Agarwal	(71.00)	196.33
iii. Sri Mayank Agarwal	(30.55)	-
<b>b. Redemption of Preference Shares</b>		
i. Sri VirenderKumar Agarwal	-	13.45
ii. Smt Seema Agarwal	-	1.47
<b>c. Interest Paid</b>		
i. Sri VirenderKumar Agarwal	7.44	9.78
ii. Smt Seema Agarwal	2.37	19.55
iii. Sri Mayank Agarwal	13.16	-
<b>d. Remuneration</b>		
i. Sri VirenderKumar Agarwal	30.01	25.19
ii. Smt Seema Agarwal	24.28	20.24
iii. Sri Mayank Agarwal	19.22	16.12
<b>e. Rent paid to Smt Seema Agarwal</b>	12.50	9.84
<b>Payables as on 31-03-2013</b>		
i. Sri VirenderKumar Agarwal	31.85	-
ii. Smt Seema Agarwal	2.64	-
iii. Sri Mayank Agarwal	100.45	-

**Note 33** Significant Accounting Policies and Practices adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure I.

**Annexure I****Statement of Significant Accounting Policies and Practices****1 SIGNIFICANT ACCOUNTING POLICIE****1.1 Basis of accounting and preparation of financial statements**

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless otherwise stated.

**1.2 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**1.3 Fixed assets**

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**1.4 Depreciation and amortization**

Depreciation on fixed assets is provided on straight-line method at the rates specified and in the manner laid down in Schedule XIV to the Companies Act, 1956. Deferred revenue expenses are amortised over a period of five Years.

**1.5 Inventories**

Raw materials, Packing Materials, Stores and Spares are valued at cost net of VAT Credits ascertained on FIFO basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

**1.6 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following recognition criteria is applied before revenue is recognized:

**Annexure I****Statement of Significant Accounting Policies and Practices****Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods. The company collects sales tax and value added tax (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the company hence, they are excluded from revenue during the year.

**Interest on bank deposits**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**1.7 Foreign Currency Transactions**

Expenses and Income are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities on the date of the balance sheet are restated at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in Statement of Profit and Loss.

**1.8 Employee Retirement and other benefits**

Employees of the company are entitled to retirement benefits of Provident Fund, Gratuity, and Leave encashment.

**a) Defined Contribution Plan:**

Company's contribution paid/payable during the year to Provident Fund and Labour Welfare Fund are recognized in the Profit and Loss Account.

**b) Defined Benefit Plan:****i. Gratuity**

Gratuity is covered under the schemes of State Bank of India Life Insurance Company and premiums for such schemes are recognized in the Profit and Loss Account.

At the reporting date, Company's liability towards gratuity is determined by independent actuarial valuation using the "Projected Unit Credit Method" which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss Account as income or expense.

**ii. Leave Encashment**

Liability on account of leave encashment has been provided on the basis of actual liability computed as at the year end.

**1.9 Taxes on income**

Provision for taxation for the year is based on tax liability computed in accordance with relevant tax rates and tax laws as at the Balance Sheet date. Provision for deferred tax is made for all timing differences arising between taxable income and accounting income at the rates that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only if there is a reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

**Annexure I**

**Statement of Significant Accounting Policies and Practices**

**1.10 Provisions and Contingent liabilities**

Provision is recognized when the company has legal/constructive obligation for which it is probable that a cash outflow may be required and reliable estimate can be made of the amount of the obligation.

Contingent Liabilities not provided for are indicated by way of a Note and will be paid/provided on crystallization of the liability.

**1.11 Earnings per share (EPS):**

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

**1.12 Impairment of Assets:**

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 belongs 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 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.

**For S. Venkatadri & Co.**

Chartered Accountants

Firm's Regn No. : 004614S

**K.Srinivasa Rao**

Partner

Membership No. 201470

**Place : Hyderabad**

**Date : 25th May, 2013**

**For and on Behalf of the Board**

**Virender Kumar Agarwal**    **Seema Rani Agarwal**  
Managing Director                      Jt. Managing Director











## SURYAAMBA SPINNING MILLS LIMITED

A-101, Kanha Apartment, 128, Chhaoni, Katol Road, Nagpur-440 013 (MS)  
Ph.# 0712-2591072, 2591406 Fax # 0712-2591410  
mail : samba.ngp@gmail.com, mail@suryaamba.com

### FORM A

1. Name of the company **Suryaamba Spinning Mills Limited**
2. Annual financial statements for the year ended **31<sup>st</sup> March, 2013**
3. Type of Audit observation **Nil**
4. Frequency of observation **Nil**
5. To be signed by :

CEO/Managing Director

CFO

Auditor of the company

Audit Committee Chairman



  
Virender Kumar Agarwal  
Managing Director

  
Milind M Bangre  
Manager (Finance & Accounts)

For M/s. S. Venkatadri & Co,  
Chartered Accountants,  
Firm Regn No.0046148

  
K.Srinivasa Rao  
Partner

Membership No.201470

  
Pundlik Sampatrao Thakare

