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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Please refer page no. 53 of this 29th Annual Report for details.

SURYALATA SPINNING MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri R Surender Reddy	Chairman
Sri Vithaldas Agarwal	Managing Director
Sri Mahender Kumar Agarwal	Joint Managing Director
Sri Yash Agarwal	Executive Director
Sri K Lakshmlkanth Reddy	Director
Sri R S Agarwal	Director
Sri K R Suresh Reddy	Director
Sri K K Sinha	Director (Operations)
Sri K Nageswara Rao	General Manager (Finance)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Sri R Surender Reddy, *Chairman*
Sri R S Agarwal
Sri K R Suresh Reddy

REMUNERATION COMMITTEE

Sri K R Suresh Reddy, *Chairman*
Sri K Lakshmikanth Reddy
Sri R S Agarwal

INVESTOR GRIEVANCE COMMITTEE

Sri K R Suresh Reddy, *Chairman*
Sri Vithaldas Agarwal
Sri Mahender Kumar Agarwal

REGISTRAR & TRANSFER AGENTS

M/s.Karvy Computershare Private Limited
Plot No.17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad- 500 081

AUDITORS

M/s. Brahmayya & Co.,
Flat No. 403 & 404,
Golden Green Apartments,
Irru Manzil Colony, Hyderabad - 500 082

BANKERS

State Bank of India, IFB, Hyderabad
IDBI Bank Limited, Chennai

REGISTERED OFFICE

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

ISIN: INE132C01027 **CIN:** L18100AP1983PLC003962

Listed on Bombay Stock Exchange Limited (BSE)
Stock code : 514138

FACTORIES

Machala Village
Kalwakurthy Mandal
Mahaboobnagar District
Andhra Pradesh - 509 320

Urukondapet Village
Midjil Mandal
Mahaboobnagar District
Andhra Pradesh - 509 320

Book Closure Dates: 7th September, 2012 to 12th September, 2012 (Both days Inclusive)

NOTICE

NOTICE is hereby given that the **Twenty Ninth Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **12th September, 2012 at 10.15 A.M.** at **Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500016** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2012.
3. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2012.
4. To appoint a Director in place of **Sri R.S. Agarwal**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Sri Yash Agarwal**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

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

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

Place: Secunderabad
Date : 6th August, 2012

R. Surender Reddy
Chairman

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 / herself and such proxy need not be a member. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **7th September, 2012 to 12th September, 2012** for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
4. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2005 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

For the Financial year	Date of declaration	Un-claimed Dividend Amount (in Rs.)	Last Date of claiming un-paid Dividend/Due Date for transfer to IEPF Account
2004 - 2005	29th September, 2005	1,01,718/-	04th November, 2012
2005 - 2006	08th September, 2006	1,50,587/-	14th November, 2013
2006 - 2007	26th September, 2007	1,82,846/-	01st November, 2014
2007 - 2008	Not Applicable (As Dividend was not declared)		
2008 - 2009	Not Applicable (As Dividend was not declared)		
2009 - 2010	23rd September, 2010	1,15,506/-	29th September, 2017
2010 - 2011	15th September, 2011	1,79,904/-	21st October, 2018

Members who have not en-cashed the dividend warrant(s) so far for the financial year ended 31st March, 2005 or any subsequent financial years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof with the Company.

5. Members are requested to address all their correspondence including change of address, mandates etc., to the registrars viz., M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
6. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.
7. Corporate Members intending to send their authorized 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.
8. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Re-appointed is given in the Corporate Governance Report.
9. Members are requested to bring their copy of the Annual Report to the meeting.

DIRECTORS' REPORT

**To
The Members,**

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Annual Accounts of your Company for the financial year ended 31st March, 2012.

Financial Results

The performance of your Company during the year ended 31st March, 2012 has been briefed below:

(Rs. in Lakhs)

Particulars	Current Year 2011-12	Previous Year 2010-11
Gross Sales/Turnover	25,661	24,394
Net Sales/Turnover	25,256	24,392
Profit before Interest, Depreciation and Tax	1,938	4,338
Extra-ordinary item	-	-
Interest	654	601
Depreciation	629	639
Profit Before Tax	655	3098
Less : Provision for Tax for the year	200	986
Deferred Tax Liability	32	133
Profit After Tax	423	1,979
Add: Profit brought forward from last year	692	300
Amount available for appropriation	1115	2279
Appropriations: Transfer to		
(a) General Reserve	500	900
(b) Preference Shares Redemption Reserve	0	509
(c) Dividend on Equity Shares	55	98
(d) Dividend on Preference Shares	55	55
(e) Dividend distribution tax	18	25
Balance Carried forward to Balance Sheet	552	692

Operations

The Net turnover of your Company for the Financial Year 2011-12 was Rs. 25,256 Lakhs compared to Rs. 24,392 Lakhs in the previous year. The production during the year was 169.31 Lakh kgs. of yarn (182.97 Lakh kgs. in the previous year).

Your Company has earned a Profit before Tax of Rs. 655 Lakhs in comparison to Rs.3,098 Lakhs in the previous year. The Company earned a profit after tax of Rs. 423 Lakhs as against Rs. 1,979 Lakhs in the previous year. The decline

in profits is attributed mainly due to increase in the cost of raw material and fall in price margins due to recessionary trend in the Europe. The textile companies were under pricing pressure through out the year.

Capital expenditure

During the year under review, your company has incurred Rs. 95.23 lakhs towards the capital expenditure for non-factory buildings, Plant & Machinery, water works, furniture & fixture and office equipment related expenditure. Civil works are in progress for 23,040 spindle project expansion for which Rs. 858.37 Lakhs has been spent.

Exports

The export turnover of your Company during the current year was Rs. 12,347 Lakhs against the previous year export turnover of Rs. 11,193 Lakhs. Your Company has been exporting yarn to various countries like Turkey, Italy, Morocco, Taiwan, Iran, Brazil, USA, and Argentina and continues to explore new markets to improve the performance.

Future Outlook

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

Conversion of Warrants

The company has allotted 4,00,000 Equity Shares bearing the face value of Rs. 10/- each at a premium of Rs. 100/- per share to the promoters on 13th February 2012, pursuant to the conversion of 4,00,000 share warrants that have been allotted earlier on preferential basis.

Dividends

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2011-12. The said Dividend will absorb a sum of Rs. 54,75,141/-. The corporate dividend tax will be Rs. 8,88,205/-. No amount is transferred to Preference Shares Redemption Reserve Account for the year.

Your Directors have recommended the payment of Dividend on the Equity Shares at 15% (i.e.) Rs. 1.50 per share of Rs. 10/- each for the year 2011-12. The dividend will absorb a sum of Rs. 55,00,500/- and the dividend tax will be Rs. 8,92,456/-.

Deposits

During the year under review, the Company has made the repayment / pre-mature repayment of unsecured deposits after complying with the applicable rules. There were no overdue deposits as on 31st March 2012.

Directors

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company the following Directors namely Sri R. S. Agarwal and Sri Yash Agarwal of the Company, retire by rotation at the ensuing Annual General meeting and being eligible, offered them self for re-appointment.

Board of Directors recommends the above re-appointments.

Directors Responsibility Statement

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

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) That your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That your Directors have taken proper and sufficient care for the maintenance of

adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) That your Directors has prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.

Corporate Social Responsibility

A note on the Corporate Social Responsibility presented under the Management Discussion and Analysis, which forms part of this report.

Auditors

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

Auditors' Report

The Auditors' Report to the shareholders does not contain any qualification or adverse remark.

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on 6th August, 2012 and recommended the same for the approval of the directors.

Cost Auditors

Pursuant to the directives from the Central Government and the provisions of Section 233B of the Companies Act 1956, Smt. Aruna Prasad, Cost Accountant, Chennai has been appointed as Cost Auditors of the Company for the financial year 2011-12.

The Cost Audit Report for the financial year 2011-12 shall be submitted to the Central Government within the stipulated period.

Corporate Governance

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

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

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

Employees

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

Human Resources

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

Acknowledgments

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

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

Place: Secunderabad
Date : 6th August, 2012

R.Surender Reddy
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March, 2012.

A. Conservation of energy

- (a) **Energy conservation measures taken:** Synchronized Maintenance schedules, installed Horizon series screw Compressor, conducted regular energy audits and taken immediate steps to curtail power consumption.
- (b) **Additional investments and proposals, if any, being implemented for reduction of consumption of Energy:** Nil.
- (c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:** The above measures have reduced the cost of production.
- (d) Total energy consumption and energy consumption per unit of production as per Form A is given below:

FORM – A

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

A. Power & Fuel consumption	2011-12	2010-11
1. ELECTRICITY		
a) Purchased Unit (No.)	4,92,13,740	5,06,53,198
Total Amount (Rs.)	18,16,13,318	18,69,65,214
Rate/Unit (Rs.)	3.69	3.69
b) Own Generation		
i) Through Generator Unit (No.)	Nil	Nil
Unit per Ltr. of Oil (No.)	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
ii) Through Steam turbine/Generator	Not Used	Not Used
2. COAL (Specify quality and where used)	Not Used	Not Used
3. FURNACE OIL	Not Used	Not Used
4. OTHERS/INTERNAL GENERATORS	Not Used	Not Used
B. Consumption per Unit of Production (Kg.)		
Electricity (No. Of Units)	2.91	2.77
Furnace Oil	Not Used	Not Used
Coal	Not Used	Not Used
Others	Not Used	Not Used

B. Technology absorption:

Efforts made in technology absorption as per Form B:

FORM - B
Form for disclosure of particulars with respect to absorption
A. Research and Development (R&D)

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

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

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

B. Technology absorption, adaptation and innovation

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

SURYALATA SPINNING MILLS LIMITED

C. Foreign exchange earnings and outgo :

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

2. Total foreign exchange used and earned : (Figures in Rs. Lakhs)

	<u>2011-12</u>	<u>2010-11</u>
(i) Foreign Exchange earned		
FOB Value of Exports	8,983.28	6,125.43
(ii) Foreign Exchange Used		
Import of Capital Goods	0.00	174.05
Raw materials	0.00	50.96
Spares	35.05	27.63
Foreign Travel	14.19	9.99
Commission on export sales	79.79	28.60

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

Place: Secunderabad
Date : 6th August, 2012

R. Surender Reddy
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

ORGANISATION - PROFILE

Suryalata Spinning Mills Limited is one of the largest producers of Yarn. We are basically into manufacturing of Synthetic blended yarns of Polyester / Viscose, 100% Polyester and 100% Viscose with counts ranging from 20s to 40s. Currently the Company has two manufacturing units with a total capacity of 71,424 spindles. Both the units located at Kalwakurthy and Urukondapet are ISO certified. The unit at Kalwakurthy has an installed capacity of 36,288 spindles with a production capacity of 30MT's per day. The second plant (Urukondapet) has an installed capacity of 35,136 spindles with a production capacity of 25MT's per day. Expansion of 23,040 Spindle Project is being undertaken at Urukondapet to increase the production volumes.

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian textile industry is one of the leading textile industries in the world. It plays significant role to the national economy because of its contribution to economic growth, exports and employment opportunities it provides. The Indian textile industry was in continuous recession due to adverse working, due to government policies, economic crisis in euro zone and sluggish demand. During the current financial year, the growth of textile industry remained subdued even though positive turn sometime in between.

The Budget 2012-13 was presented under the backdrop of economy's recovery being interrupted due to debt crisis in the Euro zone, political turmoil in Middle East, rise in crude oil prices, earth quake in Japan and overall gloomy environment. Impacted by the global crisis, India's Gross Domestic Product (GDP) is estimated to grow by 6.9% in FY 2012 after having grown at the rate of 8.4% in each of the preceding two years. Despite this slowdown in FY 2012, in cross the country comparison, India still remains amongst the highest grown economy.

FUTURE OUTLOOK

The outlook for the Indian synthetic textiles has been revised to positive from stable due to positive sign of market recoveries and stable prices. Further it was expected that increase in demands due to constant capacity utilisation levels and increased revenue growth are the prospects of the domestic textile companies. Softening cotton and cotton yarn prices have helped margins recover to some extent, but have not translated into a full-scale demand revival. Benefits from rupee depreciation on exports will be limited by the existing hedge positions of, or by price renegotiations and discount demands from overseas buyers.

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.,

Though demand outlook for the textile industry for FY13 is expected to remain moderate, with positive sign of market recoveries and stable prices and constant capacity utilisation may witness improved performance. Further, with increasing urbanization, growing households and increasing disposable income, change in dressing fashions/designs are expected to grow the domestic demand for synthetic fabric which is a healthy sign for industry.

Govt. Proposals for Development of Textiles:

- a) Government has announced a financial package of Rs. 3,884 Crores for waiver of loans to handloom weavers and their co-operative societies.
- b) Rs. 500 Crores pilot scheme announced for promotion and application of Geo-textiles in the North Eastern Region.
- c) TUF Scheme - A budgetary allocation of about Rs. 2,910 Crores for TUFs subsidy has been made for FY 2012-13 as against revised provision of Rs. 3,700 Crores for FY 2011-12.

Further, Ministry of Textiles has recommended continuation of TUFs with an allocation of Rs. 15,886 Crores for the entire 12th Five Year Plan against the allocation of Rs. 15,404 Crores during 11th Five Year Plan.

SWOT Analysis :

Strengths: our strengths are,

- a) Experienced management team with exposure in textile industry to run the operations.
- b) Good reputation in the market due to quality and timely supplies.
- c) Emphasis on quality of product nurtured across the company.
- d) The company has established strong presence in the market for several years.
- e) The business model is simple & needs minimum marketing requirement.
- f) India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc.,

Weaknesses

There is disadvantage in the form of increased power tariff, power shortages, other input costs, unstable government policies towards the exports, etc.

Opportunities

In view of raising population, sustained increase in per capita income and disposable surplus, favorable demographic profile and changing lifestyle, India is poised for health growth. Government of India is becoming increasingly sensitive to the needs of textile industry and taking necessary measures in regard to debt restructuring scheme, extension of TUFs and TMC in the Twelfth Five Year Plan, etc. These positive factors indicate extreme bright and positive future for the healthy growth of the Indian Textile Industry and provide ample opportunities to the company.

Threats

Raw materials constitute a significant percentage of the company's total expenses; however this is common for any spinning unit. Non-availability of power may result in sourcing the power from other grids such as Northern grids at higher rate and transmission losses costing heavily impacting the profitability. Drop in selling price may impact the profitability of the Company.

RISKS AND CONCERNS

In 2011-12 double digit 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 favorable labour laws, increased power tariff and fuel cost, uncertainty in the government policies, etc. Structural weaknesses need to be addressed particularly in the wake of growing threat from China and other countries.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a robust internal control system and is supervised periodically by competent professional managers. Periodically, the systems are reviewed and aligned to the needs of the growing needs of the Company. Both external

and internal auditors, who have access to all records and information about our Company, regularly check company's internal control systems. The Board and the management review the findings and recommendations of the auditors and take corrective actions wherever necessary.

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Net turnover of your Company for the Financial Year 2011-12 was Rs. 25,256 Lakhs in comparison to the Rs. 24,392 Lakhs in the previous year. The production during the year was 169.31 Lakh kgs. of yarn (182.97 Lakh kgs. in the previous year).

Your Company has earned a Profit Before Tax of Rs. 655 Lakhs in comparison to Rs. 3,098 Lakhs in the previous year. The Company earned a profit after tax of Rs. 423 Lakhs in comparison to Rs. 1,979 Lakhs in the previous year in spite of losses incurred by the Indian Textile Industries across the board.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Human capital is the most valuable resource of the organization, Development of human capital has always been thrust area of the company. The success of any business lies under the qualified, trained & motivated Human resources, industrial relations are geared at developing and aligning the operatives to the overall goal of the organization. Company takes adequate steps for maintaining safety and healthy environment for the workers. Your Directors 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.

CORPORATE SOCIAL RESPONSIBILITY

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

At Suryalata, CSR activities are undertaken in various manners such as providing education scholarships for employees children's and to other children's in surrounding villages, conducting of health camps and providing free medicines, to facilitate tutors for teaching Yoga, free supply of water to improve the health conditions and impart the Indian Traditional values, etc..

During the year Suryalata has provided donations to various charitable institutions such as V.C. Parekh Charitable Trust, Srilakshmi Goseva Trust Mahabunagar etc. and also contributed to various local religious celebrations held at Kalwakurthy.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society". (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992).

Suryalata believes that good governance is essential to achieve long term corporate goals and enhance stakeholders' value. Thus the company's philosophy on Corporate Governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders and to maximize returns to shareholders through creation of wealth on sustainable basis, compliance of laws in all facets of operations leading to best standards of Corporate Governance. The Company believes that good ethics make good business sense and our business practices are set keeping with this spirit.

The Company complies with the requirements regarding Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchange where its shares are listed.

The Company endeavors to achieve optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

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

2. BOARD OF DIRECTORS

a) Composition, category of Directors and attendance record for the year 2011-12 :

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

Constitution of the Board and participation of Directors at meetings of the Board during the year 2011-12.

Name of the Director	Category	Board Meetings Attended	Attendance at last AGM held on 15.09.2011
Sri R. Surender Reddy	Non-Executive Independent	3	Present
Sri K. Lakshmikanth Reddy	Non-Executive Independent	4	Present
Sri R. S. Agarwal	Non-Executive Independent	3	Not Present
Sri K. R. Suresh Reddy	Non-Executive Independent	3	Present
Sri Vithaldas Agarwal	Executive/Promoter	4	Present
Sri Mahender Kumar Agarwal	Executive/Promoter	4	Present
Sri Yash Agarwal	Executive Director	4	Not Present
Sri K. K. Sinha	Director Operations	4	Present

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

Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
Sri R. Surender Reddy	7	5	3
Sri K. Lakshmikanth Reddy	None	None	None
Sri R. S. Agarwal	9	6	2
Sri K. R. Suresh Reddy	1	None	None
Sri Vithaldas Agarwal	1	None	None
Sri Mahender Kumar Agarwal	None	None	None
Sri Yash Agarwal	None	None	None
Sri K. K. Sinha	None	None	None

c) Number of Board meetings held and their dates:

Four (4) Board meetings were held during the year on the following dates:
27th May, 2011, 9th August, 2011, 10th November, 2011 and 13th February, 2012.

d) Re - appointment of Retiring Directors:

In accordance with the Articles of Association of the Company Mr. Yash Agarwal, Director and Sri R.S. Agarwal, Director of the Company will retire at the Twenty Ninth Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Brief Resume of Directors seeking re-appointment

Mr. Yash Agarwal aged about 24 years, has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in the industrial Engineering from Purdue University, state of Indiana, USA. Presently Mr. Yash Agarwal is holding the position of Executive Director of the company.

Names of companies in which he is a Director: Nil

Sri R.S. Agarwal (69 years) is on the Board of the company since January, 2004. He is a chemical engineer by profession and has been with Industrial Development Bank of India for nearly three decades and has retired as an Executive Director in 2002. He has extensive experience and bright knowledge in the field of project finance.

Name of the Companies in which he is a Director:

- Madras Cements Limited
- Ramco Industries Limited
- Ramco Systems Limited
- Videocon Industries Limited
- Suryalakshmi Cotton Mills Limited
- Elegant Marbles & Granites India Limited
- GVK Jaipur Expressway Private Limited
- Liberty Videocon General Insurance Company Limited
- Raghuvver Urban Construction Company Private Limited

e) Code of Conduct:

In pursuance with the Sub - Clause (D) of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct has been made available on our website, www.suryalata.com.

All the members of the Board and Senior Management personnel have affirmed their compliance with the Code of Conduct, as at **6th August 2012**. A declaration regarding the Code of Conduct's Compliances has been given at the end of the Corporate Governance Report, signed by the Chairman & Independent Director.

3. AUDIT COMMITTEE

a) Brief description of terms of reference:

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

h) Composition, names of the members and Chairman:

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

Sl. No.	Name of the Member	Designation
1.	Sri R. Surender Reddy	Chairman
2.	Sri K. R. Suresh Reddy	Member
3.	Sri R. S. Agarwal	Member

c) Meetings and Attendance during the year:

During the year 2011-12, four Audit Committee meetings were held on 27th May, 2011, 9th August, 2011, 10th November, 2011 and 13th February, 2012. The attendance of each member of the Committee is given below:

Sl. No.	Name of the Member	Number of Meetings attended
1.	Sri R Surender Reddy	3
2.	Sri K. R. Suresh Reddy	3
3.	Sri R. S. Agarwal	3

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.

Sl. No.	Name of the Member	Designation
1.	Sri K. R. Suresh Reddy	Chairman
2.	Sri R. S. Agarwal	Member
3.	Sri K. Lakshmikanth Reddy	Member

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

c) **Attendance during the year:**

During the year 2011 -12, there was no meeting of Remuneration Committee held.

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 2011-12 is given below:

Sri Vithaldas Agarwal - Managing Director				
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
20,40,000	10,20,000	14,57,846	Nil	45,17,846
Sri Mahender Kumar Agarwal - Joint Managing Director				
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
16,80,000	9,66,385	14,57,846	2,01,600	43,05,831
Sri Yash Agarwal - Executive Director				
Salary (Rs.)	Perquisites (Rs.)	Others (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
14,40,000	2,40,000	Nil	1,72,800	18,52,800

A detail of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee meetings during the financial year 2011 - 12 is given below:

Sl. No.	Name of the Director	Sitting Fees paid (Rs.)
1.	Sri R. Surender Reddy	24,000/-
2.	Sri K. Lakshmikanth Reddy	16,000/-
3.	Sri R S Agarwal	24,000/-
4.	Sri K R Suresh Reddy	24,000/-

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

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

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

b) Name and designation of the Compliance Officer:

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

c) Number of Shareholders complaints received during the year: One (1)

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

e) Number of pending share transfers: Nil

6 GENERAL BODY MEETINGS

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

Financial year	Date	Venue	Time
2010-11	15th September, 2011	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.15 A.M.
2009-10	23rd September, 2010	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	11.00 A.M.
2008-09	14th September, 2009	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.00 A.M.

Special Resolution passed in the previous two (2) Annual General Meetings (AGMs)

Date	No. of Special Resolutions Passed	Particulars of the Special Resolution
23rd September, 2010	5 (Five)	<ol style="list-style-type: none"> 1. Re-appointment of Sri Mahender Kumar Agarwal as the Joint Managing Director of the Company for a further period of 5 years; 2. Revision of remuneration of Sri Vithaldas Agarwal, Managing Director of the Company; 3. Appointment of Sri Yash Agarwal, Chief Executive (Operations) as Whole-Director of the Company; 4. Further Issue of Capital; 5. Issue of Share Warrants; 6. Alteration in the Capital Clause of Memorandum of Association for Re-classification of Authorized Share Capital; 7. Alteration of Articles of Association for Re-classification of Authorized Share Capital;
14th September, 2009	2 (Two)	<ol style="list-style-type: none"> 1. Re-appointment of Sri Vithaldas Agarwal as the Managing Director of the Company for a further period of 5 years; 2. Appointment of Sri Yash Agarwal as the Chief Executive (Operations).

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

Date	Venue	Time
Nil	Nil	Nil

- b) **Whether special resolutions were put through postal ballot last year, details of voting pattern: Not Applicable**

7. DISCLOSURES

- a) CEO and CFO Certificate

Sri Vithaldas Agarwal, Managing Director and Sri K. Nageswara Rao, 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 point no. g of note No.26. B.

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

8. MEANS OF COMMUNICATION

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

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

- b) **Newspapers in which Quarterly results normally published:**

The Quarterly results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Andhra Prabha (Telugu Daily).

- c) **Website, where the results and other official news releases are displayed**

www.suryalata.com

- d) **Whether the Management Discussion and Analysis is a part of the Annual Report**

The Management Discussion and Analysis is a part of the Annual Report.

e) General Shareholder Information
a) Annual General Meeting

Date : **12th, September, 2012**
 Time : **10.15 A.M.**
 Venue : **Kamat Lingapur Hotel, 1-10-44/2,
 Chikoti Gardens, Begumpet, Hyderabad
 Pin-code: 500016**

b) Financial Calendar : 1st April to 31st March

c) Date of Book closure : **7th September, 2012 to 12th September, 2012
 (Both days inclusive)**

d) Dividend Payment Date : With in 30 days from the date of Annual General Meeting

e) Listing on Stock Exchanges : Bombay Stock Exchange Limited

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

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

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

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

Company's shares are being traded on BSE only and the high and low prices during each month are given below:

(in Rupees)

MONTH	HIGH	LOW
April, 2011	160.80	127.00
May, 2011	154.00	113.45
June, 2011	145.85	102.00
July, 2011	109.50	96.25
August, 2011	104.00	62.40
September, 2011	85.95	72.15
October, 2011	81.90	71.60
November, 2011	84.00	53.60
December, 2011	63.80	49.30
January, 2012	88.60	53.20
February, 2012	84.00	60.00
March, 2012	67.30	58.60

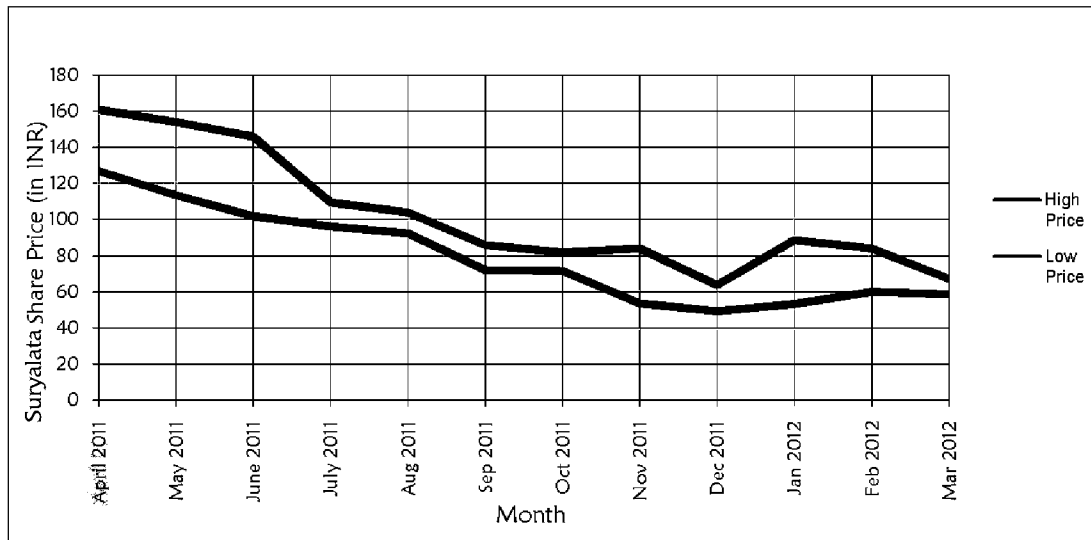
g) Stock Performance in Comparison to broad-based indices such as BSE Sensex

The Share Price of the Company has been moving with the trends of indices

(in Rupees)

MONTH	Share Price in BSE		BSE - Sensex	
	HIGH	LOW	HIGH	LOW
April, 2011	160.80	127.00	19,811.14	18,976.19
May, 2011	154.00	113.45	19,253.87	17,786.13
June, 2011	145.85	102.00	18,873.39	17,314.38
July, 2011	109.50	96.25	19,131.70	18,131.86
August, 2011	104.00	92.40	18,440.07	15,765.53
September, 2011	85.95	72.15	17,211.80	15,801.01
October, 2011	81.90	71.60	17,908.13	15,745.43
November, 2011	84.00	53.60	17,702.26	15,478.69
December, 2011	63.80	49.30	17,003.71	15,135.86
January, 2012	88.60	53.20	17,258.97	15,358.02
February, 2012	84.00	60.00	18,523.78	17,061.55
March, 2012	67.30	58.60	18,040.69	16,920.61

Suryalata Share Price High and Low during the year traded on BSE



h) Registrar & Transfer Agents:

M/s. Karvy Computershare Private Limited
 Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad- 500 081.
 Phone No.: 040-2342 0818
 Fax No.040-2342 0814.
 E-Mail: einward.ris@karvy.com., www.karvycomputershare.com

i) 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 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 one month from the date of their lodgment with the Company.

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

j) Distribution of Shareholding and shareholding pattern as on 31st March, 2012
(i) Distribution of Shareholding as on 31st March 2012:

No. of Equity Shares Siab	No. of Share Holders		No. of Shares	
	Total	%	Total	%
1 - 5000	3367	91.96	385424	11.79
5001 - 10000	163	4.45	122093	3.73
10001 - 20000	64	1.74	94505	2.89
20001 - 30000	23	0.62	54847	1.67
30001 - 40000	9	0.24	33131	1.01
40001 - 50000	4	0.10	18821	0.57
50001 - 100000	12	0.32	93859	2.87
100001 & above	19	0.51	2464320	75.43
TOTAL	3661	100.00	3267000	100.00

Note: Company has allotted 4,00,000 equity shares to the promoters on 13th February 2012, pursuant to the conversion of 4,00,000 warrants. Pending the listing/trading permission for the said shares as on 31st March 2012, the details of the said shares is not reflected on the above mentioned table.

(ii) Shareholding Pattern as on 31st March, 2012:

Category of Shareholder	No. of Share holders	Total No. of Shares	%
Promoter's Holding			
Indian Promoters	5	24,02,310	65.51
Total Promoter's Holding (A)	5	24,02,310	65.51
Public Shareholding			
Institutional Investors			
Mutual Funds	2	96	0.00
Financial Institutions/Banks	2	990	0.03
Foreign Institutional Investors	-	-	-
Foreign Companies	-	-	-
Any Other	-	-	-
Non - Institutional Investors			
Bodies Corporate	114	70,901	1.93
Individuals	3,479	7,31,920	19.96
Others	13	4,44,821	12.13
Non Resident Individuals	44	15,007	0.41
Overseas Corporate Bodies	-	-	-
Trusts	-	-	-
Clearing Members	2	955	0.03
Total Public Shareholding (B)	3,656	12,64,690	34.49
Shares held by Custodian against Depository Receipts (C)	-	-	-
TOTAL (A+B+C)	3,661	36,67,000	100.00

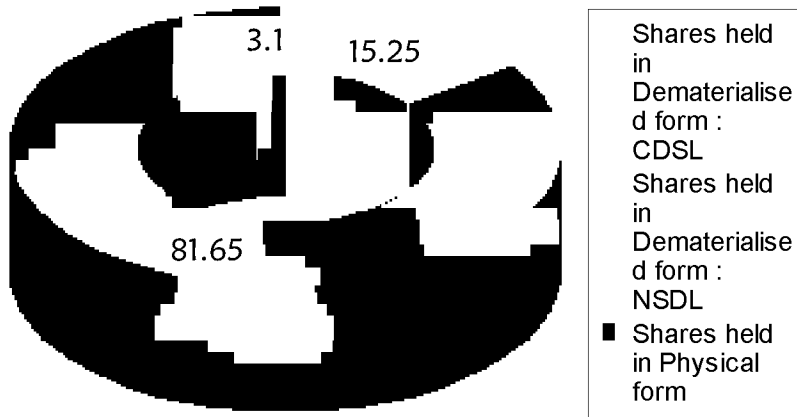
Shareholding Pattern


Others – 12.13%	■ Bodies Corporate - 1.93%
■ Clearing Members – 0.02%	■ FIIs – 0%
■ NRIs – 0.40%	■ Public Shareholding – 19.95%
■ Mutual Funds	■ Promoters – 65.51%

k) Dematerialization of Shares & Liquidity:

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

As on 31st March, 2012, 31,65,818 Equity shares were dematerialized representing 86.32% of the total paid up equity share capital of the Company. The ISIN allotted to the company's scrip is INE132C01027. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.



L) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity: Nil

m) Plant Locations:

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

n) Address for Correspondence :

1. For transfer/dematerialisation of shares, change of address of members and other queries relating to the shares of the company:

M/s. Karvy Computershare Private Limited
Plot No.17 to 24, Vithal Rao Nagar, Madhapur
Hyderabad-500 081.
Phone No.: 040-2342 0818
Fax No.: 040-2342 0814
Email: einward.ris@karvy.com

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

Auditors' certificate on Corporate Governance

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

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

Place : Secunderabad
Date : 6th August, 2012

R. Surender Reddy
Chairman

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

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

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2012 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place : Secunderabad
Date : 6th August, 2012

Vithaldas Agarwal
Managing Director

K Nageswara Rao
General Manager (Finance)

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by SURYALATA SPINNING MILLS LIMITED for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of Investor grievances received during the year ended 31st March, 2012, no investor grievances are pending against the Company as per the records of the company. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **BRAHMAYYA & Co.,**
Chartered Accountants
Firm Regn. No.000513S

Place : Hyderabad
Date : 6th August, 2012

K.S. RAO
Partner
Membership No.15850

AUDITORS' REPORT

To
The Members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD.

We have audited the attached Balance Sheet of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, (A.P.) as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

2. i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, the Statement of

Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.

- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

K.S. RAO
Partner

Place: Hyderabad
Date : 6th August, 2012 Membership No.15850

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

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) The plant and machinery disposed off during the year by the company is not substantial and hence, it has not affected the going concern status of the Company.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the company.
- e) During the year, the company has taken unsecured loans from 3 parties covered in the register maintained under section 301 of the companies Act, 1956 and the maximum amount involved during the year was Rs. 172.15 lakhs.
- f) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interests of the company.
- g) The company is regular in payment of the principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable .
- c) According to the records of the Company and the information and explanations given to us, the dues of sales tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows :

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

10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/society and therefore the requirements relating to such companies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained.
17. In our opinion, and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has converted 4,00,000 share warrants into Equity Shares of Rs.10/- at a premium of Rs.100/- each.
19. During the year, the Company has not issued any debentures and therefore the question of creating security in respect thereof does not arise.
20. During the year, the Company has not raised any money by public issue.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

K.S. RAO

Partner

Place: Hyderabad

Date : 6th August, 2012 Membership No.15850

BALANCE SHEET AS AT 31ST MARCH, 2012

(Figures in Rs. Lakhs)

Particulars	Refer Note No.	As at 31.03.2012		As at 31.03.2011	
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
a) Share Capital	1	1,103.18		1,063.18	
b) Reserves and Surplus	2	3,888.39		3,192.94	
c) Money Received against share warrants	3	–	4,991.57	110.00	4,366.12
2. Non- current liabilities					
a) Long-term borrowings	4	4,566.36		5,130.95	
b) Deferred tax liabilities (Net)		1,054.62		1,021.99	
c) Long-term provisions	5	47.39	5,668.37	47.39	6,200.33
3. Current liabilities					
a) Short-term borrowings	6	2,967.65		3,090.50	
b) Trade payables	7	188.17		204.91	
c) Other current liabilities	8	1,661.84		1,827.42	
d) Short-term provisions	9	473.29	5,290.95	1,017.23	6,140.06
TOTAL			15,950.89		16,706.51
II. ASSETS					
1. Non-current assets					
a) Fixed assets	10				
Tangible assets		8,857.83		9,425.11	
Capital work-in-progress		1,123.19		360.66	
b) Long-term loans and advances	11	338.25	10,319.27	246.18	10,031.95
2. Current assets					
a) Current investments	12	0.11		100.11	
b) Inventories	13	1,436.63		3,293.81	
c) Trade receivables	14	2,545.18		1,761.30	
d) Cash and cash equivalents	15	43.93		157.84	
e) Short-term loans and advances	16	684.27		567.16	
f) Other current assets	17	921.50	5,631.62	794.34	6,674.56
TOTAL			15,950.89		16,706.51
Accounting Policies and Notes on Accounts	26				

The notes referred to above, form an integral part of these Financial statements.

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

K.S. RAO
Partner
Membership No. 15850

 Place : Secunderabad
Date : 6th August, 2012

for and on behalf of the Board

VITHALDAS AGARWAL
Managing Director

MAHENDER KUMAR AGARWAL
Joint Managing Director

K NAGESWARA RAO
General Manager (Finance)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Figures in Rs. Lakhs)

Particulars	Refer Note No.	Current Year 31.03.2012	Previous Year 31.03.2011
INCOME			
I. Revenue from operations	18	25,256.40	24,392.41
II. Other Income	19	1,057.90	451.46
III. Total Revenue (I+II)		26,314.30	24,843.87
IV. EXPENSES			
Cost of Raw material Consumed	20	18,039.81	16,269.94
Purchases of stock-in-trade		20.19	-
Changes in inventories of finished goods, work in Process and stock-in-trade	21	925.65	-1,126.20
Employee benefits expense	22	1,239.61	1,190.66
Finance costs	23	693.75	638.64
Depreciation and amortization expense	24	629.25	639.38
Other expenses	25	4,110.40	4,133.05
Total expenses		25,658.66	21,745.47
V. Profit before tax		655.64	3,098.40
VI. Tax expense:			
(1) Current tax		200.00	986.00
(2) Deferred tax		32.63	133.12
Sub-Total - Tax expense		232.63	1,119.12
VII. Profit for the period, after tax		423.01	1,979.28
VIII. Earnings per equity share (Amount in Rs.)			
(1) Basic		9.80	58.63
(2) Diluted		-	-
Accounting Policies and Notes on Accounts	26		

The notes referred to above, form an integral part of these Financial statements.

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

K.S. RAO
 Partner
 Membership No. 15850

 Place : Secunderabad
 Date : 6th August, 2012

for and on behalf of the Board

VITHALDAS AGARWAL
 Managing Director

MAHENDER KUMAR AGARWAL
 Joint Managing Director

K NAGESWARA RAO
 General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	(Figures in Rs. Lakhs)	
	Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	655.64	3,098.40
Add: Depreciation	629.25	639.37
Finance Charges	654.90	600.79
Loss on sale of Assets (net)	-	17.99
	1,284.15	1,258.15
	1,939.79	4,356.55
Less: Interest earned	18.34	14.82
Dividend received	0.02	0.01
Credit balances written back	0.15	0.00
Profit on Sale of Assets	4.45	0.14
Direct Taxes paid	729.50	489.53
	752.46	504.50
Operating Profit before working capital changes	1,187.33	3,852.05
Add: Decrease/(Increase) in Inventories	1,857.19	(1,663.01)
Decrease/(Increase) in Receivables	(783.88)	(369.13)
Decrease/(Increase) in Loans & Advances	(278.59)	(368.06)
Decrease/(Increase) in Current Liabilities	(75.55)	513.79
	719.17	(1,886.41)
Net Cash flow from Operating activity (A)	1,906.50	1,965.64
B. CASHFLOW FROM INVESTING ACTIVITIES		
INFLOW:		
Sale of Assets (net of taxes)	30.00	4.74
Interest Received	15.69	13.82
Dividend received	0.02	0.01
	45.71	18.57
OUTFLOW:		
Acquisition of fixed assets including Capital Work in Progress	(857.77)	(1,413.91)
(Increase)/Decrease in Advance for Capital equipment	(123.92)	(148.46)
(Increase)/ Decrease in Investments	100.00	(100.00)
	(881.69)	(1,662.37)
Net Cash flow from Investing activity (B)	(835.98)	(1,643.80)

(Contd.)

CASH FLOW STATEMENT (Contd.)

(Figures in Rs. Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
INFLOW:		
Application money for Share Warrants	330.00	110.00
Term Loans Received	300.00	385.61
Hire Purchase Loans Received	-	14.80
Unsecured Loans received	172.15	191.25
Sales tax Deferment loan	87.49	92.53
Increase/(decrease) in Bank Borrowings	3.70	813.05
	893.34	1,607.24
OUTFLOW:		
Repayment of Term loans	920.89	845.22
Dividends Paid	152.76	120.09
Repayment of Hire Purchase loans	28.84	26.03
Deposits Repaid	16.15	-
Repayment of Unsecured loans	282.55	221.94
Repayment of sales tax loans	47.07	-
Interest Paid	629.53	584.31
	2,077.79	1,797.59
Net Cash flow from financing activities (C)	(1,184.45)	(190.35)
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)	(113.92)	131.49
Add: Cash/Cash equivalents at the beginning of the year	157.84	26.35
Cash/Cash equivalents at the end of the year	43.92	157.84

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

K.S. RAO
Partner
Membership No. 15850

Place : Secunderabad
Date : 6th August, 2012

for and on behalf of the Board

VITHALDAS AGARWAL
Managing Director

MAHENDER KUMAR AGARWAL
Joint Managing Director

K NAGESWARA RAO
General Manager (Finance)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	31.03.2012		31.03.2011	
	Number	Rs in Lakhs	Number	Rs. In Lakhs
NOTE 1				
SHARE CAPITAL:				
Authorised				
Equity Shares of Rs.10/- each	90,00,000	900.00	90,00,000	900.00
Preference Shares of Rs.100/- each	8,00,000	800.00	8,00,000	800.00
		1,700.00		1,700.00
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each fully paid up*	36,67,000	366.70	32,67,000	326.70
12% Cum Redeemable Pref Shares of Rs.100/- each (Series IV)	35,535	35.53	35,535	35.53
8% Cum Redeemable Pref Shares of Rs.100/- each (Series -VII)	42,078	42.08	42,078	42.08
8% Cum Redeemable Pref Shares of Rs.100/- each (Series -VIII)	1,00,000	100.00	1,00,000	100.00
7% Cum Redeemable Pref Shares of Rs.100/- each (Series -IX)	5,58,871	558.87	5,58,871	558.87
		1,103.18		1,063.18

* 4,00,000 Shares allotted to the promoters on 13.02.2012 on conversion of share warrants at premium of Rs 100/- each.

Disclosure pursuant to Note no.6(A)(d) of part I of Schedule VI to the Companies Act, 1956

Particulars	No. of Equity Shares Rs 10/- each		No. of Preference Shares Rs 100/- each	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Shares Outstanding at the beginning of the year	32,67,000	32,67,000	7,36,484	7,36,484
Shares Issued during the year	4,00,000	N.A.	N.A.	N.A.
Shares redeemed/bought back during the year	N.A.	N.A.	N.A.	N.A.
Shares outstanding at the end of the year	36,67,000	32,67,000	7,36,484	7,36,484

Details of Share holders holding more than 5% shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Vithaldas Agarwal	8,18,844	22.33	6,58,844	20.17
Mahender Kumar Agarwal	8,47,133	23.10	7,17,133	21.95
Madhavi Agarwal	5,04,161	13.75	4,67,161	14.30
Ravinder Reddy Nandi	2,23,151	6.09	2,02,037	6.18

Details of Non convertible redeemable preference shares

Nature	Series	Amount Rs in lakhs	Date of Issue	Date of Redemption
12% CRPSs of Rs.100/- each	IV	35.53	21.10.2003	20.10.2013
8% CRPSs of Rs.100/- each	VII	42.08	30.10.2004	29.10.2014
8% CRPSs of Rs.100/- each	VIII	100.00	31.01.2007	31.01.2017
7% CRPSs of Rs.100/- each	IX	50.00	06.03.2009	05.03.2013
7% CRPSs of Rs.100/- each	IX	508.87	06.03.2009	05.03.2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 2		
RESERVES AND SURPLUS:		
a. Capital Reserve (Subsidy)		
At the Commencement of the year	15.00	15.00
Closing Balance	<u>15.00</u>	<u>15.00</u>
b. Capital Redemption Reserve		
At the commencement of the year	470.87	425.00
Add: Transfer from Preferential capital Redemption Reserve	-	45.87
Closing Balance	<u>470.87</u>	<u>470.87</u>
c. Preference Capital Redemption Reserve		
At the commencement of the year	736.48	273.48
Add: Transfer from Surplus	-	508.87
Less: Transfer to Capital Redemption Reserve	-	-45.87
Closing Balance	<u>736.48</u>	<u>736.48</u>
d. Other Reserves:		
i) General Reserve		
At the commencement of the year	1,110.00	210.00
Add: Transfer from Surplus	500.00	900.00
Closing Balance	<u>1,610.00</u>	<u>1,110.00</u>
ii) Share Premium		
At the commencement of the year	168.20	168.20
Add: Current year	400.00	-
Closing Balance	<u>568.20</u>	<u>168.20</u>
e. SURPLUS:		
At the commencement of the year	692.39	299.52
Add: Current year Profit	423.01	1,979.28
Less: Equity Dividend	55.01	98.01
Preference Dividend	54.75	54.75
Corporate Dividend tax	17.80	24.78
Transfer to Preference shares redemption reserve	-	508.87
Transfer to General reserve	500.00	900.00
Closing Balance	<u>487.84</u>	<u>692.39</u>
Grand Total (a+b+c+d+e)	<u>3,888.39</u>	<u>3,192.94</u>

NOTE 3
Details of share Warrants

	31.03.2012		31.03.2011	
	Number	Rs	Number	Rs
25% Share Warrants Application Money @ Rs.110/- *	-	-	4,00,000	110.00

* 4,00,000 convertible share warrants are issued to the promoters at Rs.100/- premium on conversion.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 4		
LONG TERM BORROWINGS		
SECURED		
a) Term loans Under TUFs from Banks		
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	130.77	235.38
b) Term Loan - URKD	1,553.18	2,059.86
c) Addl. Term Loan - URKD	137.50	187.50
d) Term Loan - URKD (TFO)	524.62	564.62
e) Term Loan - URKD (Expn-2)	200.00	-
2) State Bank of India	-	-
a) Term Loan - KKY (TFO)	91.07	151.79
b) Term Loan - URKD (Expn-1)	354.86	425.82
c) Term Loan - URKD (Expn-2)	100.00	-
3) State Bank of Hyderabad	-	-
a) Short Term Loan (NON-TUF)	-	57.96
Total	3,092.00	3,682.93

Appendix:

- Loans referred in (1) and (2) are secured by pari passu first charge on all movable and immovable properties of the Company present and future. The loans further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the company.
- Loans referred in (3) are secured by First and exclusive charge on the equipment acquired out of loan. The loans are further secured by personal guarantees of two promoter directors of the company in their individual capacity and pledge of some shares of the promoters of the company.

Terms of Repayment:

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
1) Industrial Development Bank of India			
a) Term Loan - KKY (OM)	14.12.2004	11.50%	9
b) Term Loan - URKD	12.05.2006	10.83%	18
c) Addl. Term Loan - URKD	27.12.2006	12.60%	15
d) Term Loan - URKD (TFO)	10.03.2010	13.50%	29
e) Term Loan - URKD (Expn-2)	24.08.2011	13.50%	20
2) State Bank of India			
a) Term Loan - KKY (TFO)	23.08.2006	14.00%	10
b) Term Loan - URKD (Expn-1)	24.08.2009	14.00%	24
c) Term Loan - URKD (Expn-2)	07.10.2011	14.25%	20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 4		
LONG TERM BORROWINGS (Contd.)		
b) Other loans and advances		
Vehicle Hire Purchase Loan	28.02	48.25
Total	28.02	48.25
Terms of Repayment: Monthly instalments		
Vehicle loans above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.		
c) Unsecured		
Other Long Term Borrowings		
(I) Deposits		
From others	20.00	20.00
(II) Loans and advances		
From Bodies Corporate	5.11	5.11
Total	25.11	25.11
d) Sales Tax Loans (Deferment)		
Total	1,421.23	1,374.66
Total (a+b+c+d)	4,566.36	5,130.95

The Salestax loans (deferment) liability amounting to Rs. 1,421.23 Lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount Rs in lakhs	Repayment of Year
1999-00	84.32	01.04.2014
2000-01	65.95	01.04.2015
2001-02	143.48	01.04.2016
2002-03	111.47	01.04.2017
2003-04	90.85	01.04.2018
2004-05	86.88	01.04.2019
2005-06	176.57	01.04.2020
2006-07	162.92	01.04.2021
2007-08	113.16	01.04.2022
2008-09	110.78	01.04.2023
2009-10	94.83	01.04.2024
2010-11	92.53	01.04.2025
2011-12	87.49	01.04.2026
Total	1421.23	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 5		
LONG TERM PROVISIONS		
Provision for employee benefits	47.39	47.39
Gratuity - (Unfunded)		
Total	47.39	47.39

NOTE 6
SHORT TERM BORROWINGS
a) Secured
Loans repayable on demand from banks*
i) State Bank of India

Cash Credit	769.70	824.25
SLC Against export gold card scheme	400.00	503.93
Export Packing Credit	1,196.07	1,205.97

ii) IDBI Bank Ltd

Cash Credit	581.88	409.80
Total	2,947.65	2,943.95

* Working Capital loans from bank referred to in (a) above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company.

b) Un Secured

i) Loans from Bodies Corporate	-	10.00
ii) Loans from Directors	20.00	120.40
iii) Deposits	-	16.15
Total	20.00	146.55
Total (a+b)	2,967.65	3,090.50

NOTE 7
TRADE PAYABLES
A) SUNDRY CREDITORS

- Due to Micro, Small and Medium Enterprises	88.39	94.78
- Others	99.78	110.13
Total	188.17	204.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 8		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt-		
-Term Loans under TUFs from Banks		
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	104.62	104.62
b) Term Loan - URKD	506.68	446.68
c) Addl. Term Loan - URKD	50.00	50.00
d) Term Loan - URKD (TFO)	40.00	30.00
e) Corporate Loan - Non-TUFs	-	86.66
2) State Bank of India		
a) Term Loan - KKY (TFO)	60.71	63.29
b) Term Loan - URKD (Expn-1)	70.96	76.55
3) State Bank of Hyderabad		
a) Short Term Loan - Non TUFs	57.96	51.59
4) Yes Bank Limited		
a) Corporate Loan - Non-TUFs	-	11.50
5) Vehicle Hire Purchase Loans	20.23	28.83
	911.16	949.72
Advances received against sales	35.76	63.90
Unclaimed dividends	7.31	6.56
Salestax Loans (Deferment)	40.93	47.07
Interest Accrued and due	32.93	7.56
Sundry Creditors for: Expenses	568.51	619.65
Other Finance	33.56	37.72
Capital Expenditure	31.68	95.24
Total	1,661.84	1,827.42

NOTE 9
SHORT TERM PROVISIONS

a) Provision for employee benefits		
Salary and Wages	70.43	71.64
Contribution to PF & ESI	9.28	8.88
Gratuity	23.69	20.87
Leave Encashment	22.89	27.74
Bonus Payable	74.23	47.51
b) Others (Specify nature)		
Provisions for Income Tax (net)	145.21	663.05
Proposed Equity Shares Dividend	55.01	98.01
Proposed Preference Shares Dividend	54.75	54.75
Corporate Dividend Tax	17.80	24.78
Total	473.29	1,017.23



SURYALATA SPINNING MILLS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10 FIXED ASSETS:

(Figures in Rs. Lakhs)

Description	Gross Block			Depreciation			Net Block			
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the Year	Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land	168.94			168.94	-			-	168.94	168.94
Factory Buildings	1,761.10			1,761.10	330.76	58.82		389.58	1,371.52	1,430.34
Non Factory Buildings	819.77	31.46		851.23	77.04	13.58		90.62	760.61	742.73
Plant & Machinery	9,631.51	59.27	94.18	9,596.60	3,268.42	494.01	60.92	3,701.51	5,895.09	6,363.09
Testing Equipment	89.75			89.75	27.70	4.26		31.96	57.79	62.05
Electrical Installations	615.22			615.22	197.04	32.48		229.52	385.70	418.18
Data Processing Equipment	57.07			57.07	48.35	2.82		51.17	5.90	8.72
Workshop Equipment	24.28			24.28	6.49	1.16		7.65	16.64	17.79
Weighing Machinery	12.47			12.47	6.98	0.59		7.57	4.90	5.49
Water Works	8.96	1.77		10.73	2.12	0.15		2.27	8.46	6.84
Furniture & Fixture	45.40	0.49		45.89	22.58	1.86		24.44	21.45	22.82
Office Equipment	44.28	2.24		46.52	12.97	2.12		15.09	31.43	31.31
Vehicles	183.19			183.19	36.38	17.40		53.78	129.40	146.81
	13,461.94	95.23	94.18	13,462.99	4,036.83	629.25	60.92	4,605.16	8,857.83	9,425.11
Add: Capital work in Progress	360.66	853.98	91.45	1,123.19	-	-	-	-	1,123.19	360.66
Total	13,822.60	949.21	185.63	14,586.18	4,036.83	629.25	60.92	4,605.16	9,981.02	9,785.77
Less: Internal Transfers	-	91.45	91.45	-	-	-	-	-	-	-
Total	13,822.60	857.76	94.18	14,586.18	4,036.83	629.25	60.92	4,605.16	9,981.02	9,785.77
Previous Year	12,478.25	1,413.91	69.57	13,822.60	3,435.95	639.38	38.50	4,036.83	9,785.77	9,042.31

* Note: TED Received Rs 7.72 Lakhs from DGFT deducted from Asset value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 11		
LONG TERM LOANS AND ADVANCES		
Deposits Recoverable (Un Secured considered good) (Telephone,APCPDCL & Other Deposits)	338.25	246.18
Total	338.25	246.18
NOTE 12		
CURRENT INVESTMENTS		
At Cost Unquoted - Non traded National Saving Certificate (Pledged with Sales Tax Department)	0.01	0.01
Investment in Mutual Funds		
At Cost - Quoted -Traded SBI Premier liquid fund	-	100.00
Investment in Equity Instruments		
At Cost - Quoted -Traded 800 Equity Shares in UCO Bank Ltd. of Rs. 10/- each (Market Value Rs.0.62 Lakhs, Previous Year Rs.0.86 Lakhs)	0.10	0.10
Total	0.11	100.11
NOTE 13		
INVENTORIES:		
(As certified by the management)		
a) Raw Materials* (Valued at lower of cost or net realisable value basis)	561.68	1,519.36
b) Stores & Spares (Valued at cost on weighted average basis)	145.58	119.44
c) Finished Goods (including in-transit for exports) (Valued at lower of cost or net realisable value basis)	476.65	1,415.72
d) Stocks-in-process (Valued at cost)	252.53	238.44
e) Waste (at realisable value)	0.19	0.85
Total	1,436.63	3,293.81
* Details of Raw Materials :		
Polyster Staple Fibre	162.14	930.03
Viscose Staple Fibre	399.54	589.33
Total	561.68	1,519.36

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	As at 31.03.2012	As at 31.03.2011
NOTE 14		
TRADE RECEIVABLES:		
Receivables for a period exceeding six months	-	-
Receivables for a period less than six months (Unsecured and considered good)	2,545.18	1,761.30
Total	2,545.18	1,761.30
NOTE 15		
CASH AND CASH EQUIVALENTS :		
a) Cash on Hand	5.43	6.02
b) Balances with Banks With Scheduled Banks	28.56	140.50
c) Balance with Banks against Dividends payments	7.31	6.56
d) Fixed deposits with Banks	2.62	4.75
e) With Post Office Savings Bank (Pledged with Central Excise Dept)	0.01	0.01
Total	43.93	157.84
NOTE 16		
SHORT TERM LOANS AND ADVANCES:		
a) Advances for Capital Works	518.24	457.88
b) Advances for Suppliers & Expenses	138.72	73.40
c) Advances to Staff & Workers	12.76	16.07
d) Tax Deducted at Source	14.55	19.81
Total	684.27	567.16
NOTE 17		
OTHER CURRENT ASSETS:		
a) Terminal Excise Duty Receivable	5.45	38.15
b) TUF Rebate receivable from Banks	99.07	177.10
c) State Incentive Receivables	400.31	309.13
d) Export Benefit entitlement Receivable	352.37	239.88
e) APCPDCL Claims Receivables	27.11	-
f) Rent Receivable	0.08	0.08
g) Central Excise Balance	6.28	-
h) Interest receivable	15.71	13.06
i) Prepaid Expenses	15.12	16.94
Total	921.50	794.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	Current Year 31.03.2012	Previous Year 31.03.2011
NOTE 18		
SALE OF PRODUCTS :		
Yarn	25,620.29	24,360.15
Waste/Scrap	41.41	34.05
Total Sales:	25,661.70	24,394.20
Less: Excise Duty	405.30	1.79
Total	25,256.40	24,392.41

**NOTE 19
OTHER INCOME:**

Interest earned	18.34	14.82
Dividend Received	0.02	0.01
Miscellaneous Income	1.12	4.58
Profit on sale of Assets (Net)	4.45	0.14
Credit Balances written back	0.15	0.01
Export Benefit entitlements	1,032.61	430.17
Prior Period Income	1.21	1.73
Total	1,057.90	451.46

**NOTE 20
RAW MATERIAL CONSUMED**

Opening Stock	1,519.36	986.66
Add: Purchases	17,082.13	16,803.29
	18,601.49	17,789.95
Less: Sale of raw material	-	0.65
Less: Closing Stock	561.68	1,519.36
Total Cost of Raw materials consumed:	18,039.81	16,269.94

Imported and Indigeneous Raw Materials consumed :

	2011-12		2010-11	
Indigeneous	100.00%	18,039.81	99.67%	16,216.04
Imported	0.00%	-	0.33%	53.89
Total	100.00%	18,039.81	100.00%	16,269.94

Details of Raw Material Consumed :

Polyster Staple Fibre	14,104.16	12,940.86
Viscose Staple Fibre	3,935.65	3,329.08
Total	18,039.81	16,269.94

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	Current Year 31.03.2012	Previous Year 31.03.2011
--	------------------------------------	-----------------------------

NOTE 21
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

(INCREASE)/ DECREASE IN STOCKS

OPENING STOCKS

Yarn	1,415.73	355.98
Stock in process	238.44	172.42
Waste	0.85	0.42
Total	1,655.02	528.82

CLOSING STOCKS

Yarn	476.65	1,415.73
Stock in process	252.53	238.44
Waste	0.19	0.85
Total	729.37	1,655.02

(Increase)\Decrease in Stocks
925.65 (1,126.20)

NOTE 22
EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	1,004.64	945.63
b) Contribution to Provident Fund	83.11	73.04
c) Contribution to Employee State Insurance	31.04	28.40
d) Contribution to Group Insurance (EDLI)	2.80	2.41
e) Staff welfare expenses	95.14	110.25
f) Gratuity fund	22.88	30.93
Total	1,239.61	1,190.66

NOTE 23
FINANCE COSTS

Interest on term loans	319.34	346.72
Interest on others	335.56	254.06
Net Loss/(Gain) on foreign currency transactions & translation	2.61	(20.54)
Bank charges	36.24	58.40
Total	693.75	638.64

NOTE 24
DEPRECIATION AND AMORTISATION EXPENSE

Depreciation	629.25	639.38
Total	629.25	639.38

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

	Current Year 31.03.2012	Previous Year 31.03.2011
NOTE 25		
OTHER EXPENSES		
Stores consumed:		
Stores and Spares	282.86	272.21
Packing Material	347.02	350.42
Power and Fuel		
Electricity charges	1,816.13	1,869.65
Repairs to:		
Buildings	44.60	68.12
Machinery	168.53	205.44
Others	7.99	9.75
Sales Expenses:		
Sales Tax	282.64	233.82
Commission on Sales	123.77	104.65
Freight & Other - Domestic Sales	207.62	169.46
Freight & Others - Export Sales	415.62	339.59
Payments to Auditors		
As Auditors	1.46	0.83
for Tax Audit	0.17	0.17
for Certification	1.06	1.16
for Cost Auditors	0.20	0.20
Rates and Taxes	13.38	10.31
Printing and Stationery	8.84	6.73
Postage, Telegrams and Telephones	16.32	15.50
Travelling, Conveyance and Vehicle expenses	76.64	72.70
Insurance	20.95	19.79
Managerial Remuneration	106.89	190.94
Directors sitting fees	0.88	1.07
Professional charges	13.02	14.31
Office Maintenance	94.30	98.41
Miscellaneous expenses	57.97	42.55
Loss on sale of assets	-	17.99
Donations	1.54	17.28
Total	4,110.40	4,133.05

Imported and Indigeneous Stores & Spare parts consumed :

	2011-12		2010-11	
Indigeneous	87.61%	247.81	88.16%	239.97
Imported	12.39%	35.05	11.84%	32.24
Total	100.00%	282.86	100.00%	272.21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No : 26

A. SIGNIFICANT ACCOUNTING POLICIES :**a) Basis Of Preparation**

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

b) Fixed Assets

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

c) Inventories

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

d) Investments

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

e) Foreign Exchange Transactions

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

f) Contingent Liabilities

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

g) Retirement Benefits

Company's contribution to Provident fund determined under the relevant statute are charged to revenue. The gratuity contribution has been made on the basis of actuarial valuation under AS15 given by SBI life insurance Company.

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

h) Accounting For Income Tax

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

i) Deferred Income Tax

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

j) Sales

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

B. NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Figures in Rs. Lakhs)

Particulars	As on 31.03.2012	As on 31.03.2011
a. Contingent Liabilities not provided for on account of :		
a) Contracts to be executed on capital projects	3,817.26	3,419.97
b) Bank Guarantee	1.90	13.13
c) Bills discounted against LC's	531.64	647.96
b. Earnings in Foreign Exchange FOB Value of Exports	8,983.28	6,125.43
c. Expenditure in Foreign Currency during the year on account of:		
i) Commission on Export Sales	79.79	28.60
ii) Foreign Travel (Excluding tickets purchased in India)	14.19	9.99
	93.98	38.59
d. Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	Nil	174.05
ii) Rawmaterials (CIF Value)	Nil	50.96
iii) Stores and Spares (CIF Value)	35.05	27.63
	35.05	252.64
e. Composition of Net Deferred Tax Liability		
Deferred Tax Liabilities		
Depreciation	1080.21	1044.70
Deferred Tax Assets		
Provision for Gratuity	25.59	22.71
Deferred Tax Liability (Net)	1,054.62	1,021.99
f. Basic Earnings Per Share as per Accounting Standard No.29		
Profit after Tax	423.01	1,979.28
Less: Dividend on Preference Share Capital with dividend tax there on	63.63	63.63
	359.38	1,915.65
Weighted average Number of Equity Shares	36.67	32.67
Diluted Number of Equity Shares	36.67	32.67
Basic Earnings per share	Rs 9.80	Rs 58.63
Diluted Earnings per share	Rs 9.80	Rs 58.63

Note No.26 (Contd.)
g. Related party disclosure

Related party disclosure as required by AS-18 are given under

i) Transactions during the year (Expenditure)

(Figures in Rs. Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2012	PreviousYear 31.03.2011
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration	30.60	27.23
		b) Interest (Gross)	9.38	52.77
		c) Unsecured Loan Repaid	150.50	40.00
		d) Commission	14.58	63.60
		e) Unsecured Loan Received	110.00	77.50
		f) Share App Money Received	132.00	44.00
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration	28.48	25.41
		b) Interest (Gross)	5.93	38.39
		c) Unsecured Loan Repaid	98.65	36.50
		d) Commission	14.58	63.60
		e) Unsecured Loan Received	57.15	64.50
		f) Share App Money Received	107.25	35.75
Sri Yash Agarwal Executive Director	Key Management	a) Remuneration	18.53	11.11
		b) Salary	Nil	1.70
		c) Interest (Gross)	1.54	1.88
		d) Unsecured Loan Repaid	23.40	15.00
		e) Unsecured Loan Received	5.00	27.00
		f) Share App Money Received	49.50	16.50
M K Agarwal-HUF	Key Management	a) Interest (Gross)	0.70	0.33
		b) Deposits Paid	4.65	3.60
		c) Deposits Accepted	Nil	6.25
		d) Share App Money Received	18.03	3.58
		e) Share App Money Repaid	7.30	Nil
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Gross)	1.95	0.96
		b) Deposits Paid	11.50	10.50
		c) Deposits Accepted	Nil	16.00
		d) Share App Money Received	51.53	10.18
		e) Share App Money Repaid	21.00	Nil
M/s Suryaamba Spinning Mills Ltd	Enterprise in which the relatives of key Management personnel are interested	a) Unsecured loan	Nil	85.34

Note No.26 (Contd.)
ii) Payable as at 31.03.2012

(Figures in Rs. Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2012	PreviousYear 31.03.2011
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration (Net)	5.65	1.73
		b) Interest (net)	0.78	22.62
		c) Unsecured Loan	20.00	60.50
		d) Commission	14.58	63.60
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration (Net)	0.06	1.58
		b) Interest (net)	Nil	2.83
		c) Unsecured Loan	Nil	41.50
		d) Commission	14.58	63.60
Sri Yash Agarwal	Key Management	a) Remuneration (Net)	0.13	2.93
		b) Interest (net)	Nil	1.31
		c) Unsecured Loan	Nil	18.40
M K Agarwal-HUF	Key Management	a) Interest (Net)	0.30	0.30
		b) Deposits	Nil	4.65
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Net)	0.33	0.83
		b) Deposits	Nil	11.50

b. Employee benefits: Gratuity

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity

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

(Rs. in Lakhs)

Particulars	As on 31.03.2012	As on 31.03.2011
i. Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	164.41	135.69
Interest cost	13.15	9.74
Current Service Cost	7.82	23.45
Benefits Paid	Nil	(27.76)
Actuarial gain/(Loss) on obligations	(9.16)	23.29
Present value of obligations as at end of year	176.22	164.41

(Contd.)

Note No.26 (Contd.)

(Figures in Rs. Lakhs)

Particulars	As on 31.03.2012	As on 31.03.2011
ii. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	105.71	110.06
Expected return on plan assets	8.48	8.32
Contributions	Nil	15.55
Benefits Paid	Nil	(27.76)
Actuarial gain /(Loss) on Plan assets	0.51	(0.46)
Fair value of plan assets at the end of year	114.70	105.71
iii. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	105.71	110.06
Actual return on plan assets	8.99	7.85
Contributions	Nil	15.55
Benefits Paid	Nil	(27.76)
Actuarial gain / (Loss) on Plan assets	0.51	(0.47)
Fair value of plan assets at the end of year	114.70	105.71
Funded status	(61.52)	(58.70)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
iv. Assumptions		
Discount rate	As on 31.03.2012 8%	As on 31.03.2011 8%
Excepted rate of return on assets	8%	8%
Salary Escalation	5% FSY & 5%TA	5%

- i. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- j. The company has opted for zero rate of duty by not taking cenvat credit on inputs under central excise vide Notification no: 30/2004 (CE) dated 09.07.2004 for total sales upto 30.09.2011. However, due to the changes in Import/Export policy w.e.f. 01.10.2011 the company has opted for Drawback scheme on payment of excise duty for exports by availing cenvat credit on inputs for exports under Notification no :29/2004 (CE) dated 09.07.2004, and continued Notification no : 30/2004 (CE) dated 09.07.2004 for Domestic sales.
- k. Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under Revised Schedule VI accordingly, the Previous year's figures also have been reclassified to confirm to this year's classification

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

K.S. RAO
Partner
Membership No. 15850

Place : Secunderabad
Date : 6th August, 2012

for and on behalf of the Board

VITHALDAS AGARWAL
Managing Director

MAHENDER KUMAR AGARWAL
Joint Managing Director

K NAGESWARA RAO
General Manager (Finance)

SURYALATA SPINNING MILLS LIMITED

Dear Shareholder,

Re: Green Initiative in Corporate Governance: Go Paperless

Dear Member,

As part of "Green Initiative for Corporate Governance", the government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication. (Circular No. 17/2011 dated 21/04/2011 and Circular No. 18/2011 dated 29/04/2011 issued by the Ministry of Corporate Affairs)

Your company welcomes this move and strongly recommends to all the shareholders to opt for this type of communication. This will also ensure prompt receipt and avoid loss of paper-documents in transit. Some of the shareholders have already registered their e-mail addresses. There are many shareholders who have not yet registered their e-mail addresses.

We request them to fill up the 'E-Communication Registration Form' given below and send it back to the company or mail at cs@suryalata.com or einward.ris@karvy.com. The registration form can also be downloaded from the company's website www.suryalata.com.

Let us whole heartedly participate in this Green Initiative!

Note: As a member you are entitled to receive communications in physical form upon written request to the company.



SURYALATA SPINNING MILLS LIMITED

Regd. Office : Surya Towers, 1st Floor,
105, S.P. Road, Secunderabad – 500 003

E-Communication Registration Form

(In terms of circular no. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

E-mail ID (to be registered) :

Registered Address :

I/We shareholder(s) of Suryalata Spinning Mills Limited agree to receive communication from the company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date :

Signature :
(First Holder)

Note: Shareholder(s) are requested to keep the company informed as and when there is any change in the e-mail address.



ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM FOR DIVIDEND

M/S. KARVY COMPUTERSHARE PRIVATE LIMITED
PLOT NO.17 TO 24, VITHAL RAO NAGAR, MADHAPUR, HYDERABAD- 500 081

Shareholders authorization to receive dividends through Electronic Credit Clearing Mechanism.

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

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

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

Place: _____

Date: _____

(Signature of Shareholder)

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



BANKER'S CERTIFICATION

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

Banker's Seal :
Date :

Signature of the Authorised
official of the Bank

ATTENDANCE SLIP

29th Annual General Meeting
S SURYALATA SPINNING MILLS LIMITED

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

Date	Venue	Time
12th September, 2012	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet Hyderabad - 500 016	10:15 A.M.

Name of the Shareholder	Folio no. / DPID and Client ID No.	No. of Shares

I certify that I am a registered shareholder of the Company, hold above-mentioned shares in the Company, and hereby record my present at the 29th Annual General Meeting of the Company.

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

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

PROXY FORM

29th Annual General Meeting
S SURYALATA SPINNING MILLS LIMITED

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

Regd. Folio No : No. of Shares :

*DPID No : Client ID No :

I/We _____ of _____ being Member/Members of Suryalata Spinning Mills Limited hereby appoint _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday, 12th September, 2012 at 10:15 a.m. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ of 2012

Signed by the said _____

Affix a
Re.1.00
Revenue
Stamp
and Sign
across

- Note: 1) The Proxy need not be a member of the Company.
2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

