

Annual Report
2013-14



SURYALATA SPINNING MILLS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri R Surender Reddy

Sri Vithaldas Agarwal

Sri Mahender Kumar Agarwal

Sri K Lakshmikanth Reddy

Sri R S Agarwal

Sri K R Suresh Reddy

Sri Yash Agarwal

Smt. Madhavi Agarwal

Sri K K Sinha

Chairman

Managing Director

Joint Managing Director

Director

Director

Director

Executive Director

Additional Director (w.e.f. 12th May, 2014)

Director (Operations)

Sri K Nageswara Rao

General Manager (Finance)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Sri R Surender Reddy, Chairman

Sri R S Agarwal, Member

Sri K R Suresh Reddy, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

(w.e.f. 12th May, 2014)

Sri K R Suresh Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

NOMINATION & REMUNERATION COMMITTEE

(w.e.f. 12th May, 2014)

Sri K R Suresh Reddy, Chairman

Sri K Lakshmikanth Reddy, Member

Sri R S Agarwal, Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(w.e.f. 12th May, 2014)

Sri R Surender Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

AUDITORS

M/s. Brahmayya & Co.,

Flat No. 403 & 404,

Golden Green Apartments,

Irramanzil 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.

Tel: 040-27774200, Fax: 040-27846859

Email: cs@suryalata.com

Website: www.suryalata.com

CIN L18100TG1983PLC003962

ISIN INE132C01027

Listed on Bombay Stock Exchange Limited (BSE)

Scrip Code 5 1 4 1 3 8

FACTORIES

Marchala Village

Kalwakurthy Mandal

Mahaboobnagar District

Telangana - 509 320

Urukondapet Village

Midjil Mandal

Mahaboobnagar District

Telangana - 509 320

REGISTRAR & TRANSFER AGENTS

M/s.Karvy Computershare Private Limited,

Plot No.17 to 24, Vithal Rao Nagar,

Madhapur, Hyderabad- 500 081.

Book Closure Dates: 31st July, 2014 to 6th August, 2014 (Both days inclusive)

NOTICE

NOTICE is hereby given that the **31st Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Wednesday, 6th August, 2014 at 10.30 A.M. at Kamat Lingapur Hotel 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500016, Telangana** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss Account for the Financial Year ended 31st March, 2014 and Balance Sheet as at that date together with reports of Auditors and the Board of Directors.
2. To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2014.
3. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2014.
4. To appoint a Director in place of **Sri K K Sinha, (DIN 03383960)** who retires by rotation and being eligible, offers himself for re-appointment.
5. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014 M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No. 000513S) be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the

conclusion of next Annual General Meeting of the Company, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties as the Board of Directors may fix in this behalf.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 read with schedule V and rules made thereunder as amended upto date, consent of the Members be and is hereby accorded for re-appointment of Sri Vithaldas Agarwal as the Managing Director of the Company for a further period of **5 years with effect from 1st July, 2014 to 30th June, 2019** on the following terms and conditions:

1. Salary: ₹ 2,75,000/- per month.
2. Commission: At the rate of 2% of the net profits of the Company with effect from the financial year 2013-14.
3. Perquisites: In addition to the salary and commission as stated above Sri Vithaldas Agarwal, Managing Director shall be provided a car with driver, telephone and other communication facilities at residence for use of Company’s business.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri Vithaldas Agarwal, Managing Director subject to the provisions

of section II of Part II of Schedule V of the Companies Act, 2013."

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

"RESOLVED THAT pursuant to the provisions of Section 13, 61 and 64 of the companies Act, 2013 and other applicable provisions, if any, and the provisions of the Memorandum of Association of the Company, 40,00,000 (Forty Lacs only) unissued Equity Shares of ₹ 10/- (Rupees Ten only) each aggregating ₹ 4,00,00,000/- (Rupees Four Crore Only) forming part of the Authorised Share Capital of the Company be and are hereby cancelled and reclassified by concurrently creating 4,00,000 Redeemable Preference Shares of ₹ 100/- (Rupees Hundred only) each aggregating ₹ 4,00,00,000/- (Rupees Four Crore Only) with total Authorised Share Capital of the Company remaining same at ₹ 17,00,00,000/- (Rupees Seventeen Crores only).

RESOLVED FURTHER THAT pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, the existing Clause V of the Memorandum of Association of the Company as to Authorised Share Capital be and is hereby substituted in its place and stand as under:

V. The Authorised Share Capital of the Company is ₹ 17,00,00,000/- (Rupees Seventeen Crores only) divided into 50,00,000 Equity Shares of ₹ 10/- each aggregating ₹ 5,00,00,000/- (Rupees Five Crores only) and 12,00,000 Preference Shares of ₹ 100/- each aggregating to ₹ 12,00,00,000/- (Rupees Twelve Crores only), whether Cumulative Redeemable or Non-cumulative Redeemable, with the power to increase, reduce, subdivide,

consolidate, convert into equity shares in accordance with the provisions of the law from time to time.

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorised to do all such acts and to take such steps, as may be necessary, to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under the existing sub-clause (i) of Article 3 of the Articles of Association of the Company be and is hereby altered by substituting the following new Sub-clause (i) in lieu thereof:

"3(i) The Authorised Share Capital of the Company is ₹ 17,00,00,000/- (Rupees Seventeen Crores only) divided into 50,00,000 (Fifty Lakhs only) Equity Shares of ₹ 10/- each and 12,00,000 (Twelve Lakhs only) Preference Shares of ₹ 100/- each whether Cumulative Redeemable and/or Non-cumulative Redeemable, with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time."

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

"RESOLVED THAT in accordance with the provisions of Sections 42, 55, 62 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed there under, as may be amended from time to time and the Articles

of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof constituted / to be constituted for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer or invite to subscribe, issue and allot, such number of Preference Shares of the Company of the face value of ₹ 100/- (Rupees One Hundred only) each, for an aggregate value not exceeding ₹ 3 crore, as Cumulative Redeemable Preference Shares ("CRPS"), for cash at par, on a private placement basis, to such person or persons and in such proportion and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT in accordance with provisions of Section 43 of the Act, the CRPS shall be non participating, carry a preferential right, vis-à-vis Equity Shares of the Company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Act."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to agree and to make such modification (s) and alteration (s) from time to time as it deems fit and to

take all such steps as it may deem necessary, desirable or expedient and to resolve all questions of doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive."

10. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Ordinary resolution**:

"RESOLVED THAT pursuant to the provisions of Section 160 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under Smt Madhavi Agarwal, (**DIN 06866592**) who was appointed as an Additional Director in the Board Meeting held on 12th May, 2014 as per the provisions of Section 161 of the Companies Act, 2013 and who ceases to be a director on the commencement of 31st Annual General Meeting be and is hereby appointed as the Director of the Company whose office is liable to retire by rotation".

11. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Ordinary resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri K Lakshmi Kanth Reddy, (DIN 00016766)**, a non-executive Director of the Company who retires by rotation and offered himself for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is

eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

12. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri R Surender Reddy (DIN 00083972)**, a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

13. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri R S Agarwal (DIN 00012594)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

14. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Sri K R Suresh Reddy (DIN 00074879)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company **with effect from 6th August, 2014 to 5th August, 2019.**"

15. To consider and if thought fit to pass with or without modification (s) the following resolution as an **Special resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 23rd Annual General Meeting held on 8th September, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹ 200 Crores (Rupees Two Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

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. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item no's 6-15.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 31st July, 2014 to 06th August, 2014 for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2007 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 ₹)	Last Date of claiming unpaid Dividend/Due Date for transfer to IEPF Account
2006 - 07	26th September, 2007	1,82,846/-	1st November, 2014
2007 - 08	Not Applicable (As Dividend was not declared)		
2008 - 09	Not Applicable (As Dividend was not declared)		
2009 - 10	23rd September, 2010	1,14,100/-	29th September, 2017
2010 - 11	15th September, 2011	1,77,645/-	21st October, 2018
2011 - 12	12th September, 2012	93,489/-	18th October, 2019
2012 - 13	10th August, 2013	1,45,889/-	15th September, 2020

Members who have not en-cashed the dividend warrant(s) so far for the financial year ended 31st March, 2007 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.

6. 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.
7. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejee Bhoj Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange for the financial year 2014-15.

8. Pursuant to Section 113 of Companies Act, 2013, 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.
9. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
10. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Re-appointed is given in the Corporate Governance Report.
11. Members may note that the Notice of the 31st AGM and the Annual Report for FY 2013-14 copies of audited financial statements, directors' report, auditors' report etc. will also be available on the website of the Company, www.suryalata.com for download. Members holding shares in electronic mode are therefore requested to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in (6) above quoting their folio number(s)
12. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at the 31st Annual General Meeting ("AGM") by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy").
The voting rights of the Members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on cut off date (i.e Record date) Friday, 4th July, 2014.
The e-voting facility will be available at the link <http://evoting.karvy.com> during the following voting period :
Commencement of e-voting : From 9 A.M. on 29th July, 2014 to 6 P.M. on 31st July, 2014.
13. E-voting shall not be allowed beyond 6 p.m on 31st July 2014. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 4th July, 2014 may cast their vote electronically.
14. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members along with physical copy of the Notice.
15. The Company has appointed Mr. R. Ramakrishna Gupta, practicing Company Secretary, Partner at R&A Associates, Company Secretaries, Hyderabad (Membership No FCS 5523) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

R Surender Reddy
Chairman
DIN:00083972

Place : Secunderabad
Date : 12th May, 2014

Corporate Identification Number:
L18100TG1983PLC003962

Registered Office:
Surya Towers, 1st Floor, 105
Sardar Patel Road, Secunderabad - 500003
Tel: 040-27774200
Fax: : 040-27846859
Email: cs@suryalata.com
Website : www.suryalata.com

Explanatory Statement
Pursuant to Section 102(1) of Companies Act, 2013

Item # 6: To consider and approve the re-appointment of Sri Vithaldas Agarwal, Managing Director.

Sri Vithaldas Agarwal is Promoter Director and Managing Director of the Company. He has been associated with the Company since inception and taking care of the day to day operations of the Company. He has put in his total dedication and hard-work resulting into profitable growth of the Company.

It is proposed to re-appoint Sri Vithaldas Agarwal, Managing Director of the Company for the further period of 5 years with effect from 1st July, 2014 to 30th June, 2019.

Sri Vithaldas Agarwal, Managing Director has attained the age of 74 years. As per Section 196 of Companies Act, 2013 if an appointee has attained the age of 70 years, then such appointment shall be made by a special resolution along with a justification for the appointment. Sri Vithaldas Agarwal, Managing Director has steered the company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the company's operations. During the period of global recession and slowdown of the textile industry, he has been the key driving force behind the success of the company. In order to avail his un-interrupted services for the growth of the Company, Board of Directors proposes to re-appointment him for a further period of 5 years as proposed in the above resolution. Board of Directors recommends his re-appointment.

The re-appointment of Sri Vithaldas Agarwal, Managing Director requires, the approval of members in general meeting by way of special resolution pursuant to Section 196 read with Schedule V to the Companies Act, 2013.

Additional Disclosure about the appointee as per Schedule V Part II of the Companies Act, 2013:

● **Nature of industry:**

Suryalata Spinning Mills Limited is one of the largest producers of yarn. Company is basically into manufacturing of Synthetic blended yarns of Polyester / Viscose. Currently Company has two ISO certified manufacturing units with a total installed capacity of **89,376** spindles. Suryalata Spinning Mills Limited is one of the fast growing established Textile sector Company. Indian Textile Industry is one of the leading textile industries in the world.

● **Date of commencement of commercial production**

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

● **Financial performance:**

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

(₹ in Lakhs)

Item	2012-13	2011-12	2010-11
Income from Operations (Gross)	28,372	25,661	24,394
Profit/Loss Before tax	1,187	655	3,098
Profit/Loss after Tax	808	423	1,979

- **Export performance and net foreign exchange earnings:**

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

(₹ in Lakhs)

Item	2012-13	2011-12	2010-11
FOB value of goods exported	8055.66	8983.28	6125.43

- **Foreign investments or collaborators, if any:**

Foreign investments in the Company as on **31st March 2014** are **12,544** equity shares. These shares are held by NRIs/OCBs. At present the Company does not have any Collaboration, either technical or Financial.

II. Information about the appointee:

1. Background details

Sri Vithaldas Agarwal has been associated with the Company since 1983. He is from the family with over six decades of experience in textile industry. He himself is having vast experience in Textile Industry of about 31 years. He is the promoter director of the Company. He was appointed as Managing Director of the Company in the Annual General Meeting held on 25th July, 1994 with effect from 1st September, 1994, and from there onwards Company is benefited from his valuable guidance in its journey towards success.

2. Past remuneration

Presently he is drawing the following remuneration:

(Amount in ₹)

Salary (including HRA)	Perquisites	Commission	Contribution to PF	Total
32,40,000	Nil	NIL	NA	32,40,000

3. Recognition or awards: Nil

4. Job profile and his suitability

Sri Vithaldas Agarwal, Managing Director has been taking care of production, administration and other operational affairs of the Company. Since his tenure as Managing Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.

5. Remuneration proposed

It is proposed to pay the same existing remuneration which is provided in the resolution.

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

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

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

Sri Vithaldas Agarwal is holding preference shares of the company and is receiving dividend on the same. He has advanced unsecured loans to the Company on which he is receiving interest. Other than this he is not having any other pecuniary relationship with the Company. Sri Mahender Kumar Agarwal, Joint Managing Director of the Company, Smt Madhavi Agarwal, Additional Director, Sri Yash Agarwal, Executive Director are relatives to him within the meaning of Companies Act, 2013.

III. Other information:**Reasons for inadequate profits:**

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

a) Steps taken or proposed to be taken for improvement

In tune with the changing trends the Company has expanded its production capacity to meet the growing demands in the market.

b) Expected increase in productivity and profits in measurable terms

Company is poised to increase turnover and profitability by 12%.

Board of Directors recommends the resolution for your approval.

Sri Vithaldas Agarwal himself, Sri Mahender Kumar Agarwal, Joint Managing Director and Sri Yash Agarwal, Executive Director being his relatives, are interested in the said resolution.

Item # 7 & 8: Re-classification of Authorized Share Capital of the Company

To augment funds requirement to finance the Company's expansion and / modernization of its operations, it is proposed to raise capital by issue of Preference Shares of the Company. The issue of Preference Shares shall be within the Authorised Share Capital of the Company. At present the Company has the Authorized Share Capital of ₹ 17,00,00,000/- (Rupees Seventeen Crores only) consisting of 90,00,000 Equity Shares of ₹10/- each aggregating ₹ 9,00,00,000/- (Rupees nine Crores only) and 8,00,000 Preference Shares of ₹ 100/- each aggregating ₹ 8,00,00,000/- (Rupees eight Crores only). The Issued, subscribed and paid-up share capital of the Company at present is ₹ 3,66,70,000/- equity shares and ₹ 7,36,48,400/- Cumulative Redeemable Preference Shares. In order to accommodate the proposed issue of preference shares, the existing authorised preference share capital (₹ 8 Crore) do not provide for the same. Hence it is proposed to increase the same to ₹ 12 Crores by reclassifying the Authorised Share Capital as provided in the resolution given above.

The Resolution as set out in Item No. 7 of the Notice will be placed before the Meeting for the approval of the Members by a Special Resolution as required under Sections 13 read with 61 of the Act.

Further due to reclassification of authorised share capital, the Articles of Association need to be amended pursuant to Section 14 of the Companies Act, 2013 by passing a Special Resolution. Hence a resolution at Item No. 8 is proposed.

Board of Directors recommends both the resolutions at Item No. 7 & 8 to members for their approval.

None of the Directors or key managerial personnel of the Company is concerned or interested except to the extent they may participate in the capital when offered / issued.

Item # 09: Further issue of Preference Shares of the Company

To augment funds requirement to finance the Company's expansion and / or modernization & pursuant to the conditions imposed by the existing banks of the company, promoters are required to bring additional capital. The promoters have expressed their interest to bring additional capital in the form of cumulative Redeemable Preference shares, to the tune of ₹ 3 Crores (Three Crore Only) on Private Placement Basis. As per Section 42, 55 & 62 of the Companies Act, 2013 read with the Rules framed there under, a Company offering or making an invitation to subscribe to

Cumulative Redeemable Preference which are non-convertible on a Private Placement Basis, is required to obtain the prior approval of Shareholders by way of Special Resolution.

The approval of the members is accordingly being sought by way of a special resolution under section 42, 55 and 62 of the companies Act, 2013 read with the rules made there under, for the issue of cumulative redeemable preference shares (“CRPS”) aggregating an amount of not exceeding ₹ 3 Crore and to offer and allot the CRPS on a private placement basis on the terms and conditions set out hereunder.

Given below is the statement of material facts concerned with the issue of CRPS, as required under rule 9(3) of the Companies (Share Capital & Debentures) Rules, 2014:

1. The CRPS shall be Cumulative, non-Participating and Non convertible
2. The objective of the issue is augment funds requirement to finance the Company’s expansion and / or modernization
3. The CRPS shall be issued & offered on a private placement basis in accordance with the provisions of section 42 of the Act and rules made thereunder.
4. Other terms :

Issue Size	Upto 3,00,000 CRPS of face value of ₹ 100/- each for an amount not exceeding Rs 3 Crore
Issue Price	CRPS will be issued at par
Offer period	As may be determined by the Board
Rate of Dividend	9 %
Terms of Redemption	Redemption at par in accordance with section 55 of the Act
Tenure of Redemption	Redeemable at par after the expiry of 18 years
Expected dilution in equity capital upon conversion of preference shares	NIL, since the CRPS are not convertible

5. The Current Equity Share holding pattern of the Company as on 31st March, 2014 is as under:

S. No.	Equity Shareholder	Percentage of Holding (%)
1.	Promoters Holding	65.51
2.	Financial Institutions/Banks	0.03
3.	Bodies Corporate	6.47
4.	Non Resident Individuals	0.34
5.	Clearing Members	0.05
6.	Individuals	27.60
	Total	100.00

6. The Issue of CRPS is in accordance with the provisions of the articles of association of the company. There is no subsisting default in the redemption of preference shares issued by the company or in payment of dividend due on any preference shares issued by the company.

The Directors recommend, the resolution at item no. 9 above for the approval of the members of the Company. The Directors or key managerial personnel of the company or their respective relatives, may be deemed to be concerned or interested in the resolution at item no 9 to the extent of the CRPS that may be subscribed to by them.

Item # 10: Appointment of Smt. Madhavi Agarwal as Director of the Company.

As per the provisions of companies Act, 2013, every listed company needs to have a women director on the Board. In order to fulfill the said criteria, Smt. Madhavi Agarwal, has been appointed

as the additional director of the Company in the Board Meeting held on 12th May, 2014. As per the provisions of the Companies Act, 2013, any director appointed in the Board Meeting as an additional director shall hold office only up to the commencement of ensuing Annual General Meeting. The Company has received notice from a member under Section 160 of the Companies Act, 2013 along with the necessary deposit proposing her candidature. The Board recommends the resolution for the approval of members.

Sri Mahender Kumar Agarwal and Sri Yash Agarwal being relatives are considered to be concerned or deemed to be interested in the proposed resolution. None of the other Directors are interested except the Director herself to the extent of her appointment.

Item Nos. 11 to 14: Appointment of Independent Directors.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered with the Stock Exchange, appointed Sri R Surender Reddy, Sri R S Agarwal, Sri K Lakshmikanth Reddy and Sri K R Suresh Reddy as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Companies Act, 2013 which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Sri R Surender Reddy, Sri R S Agarwal, Sri K Lakshmikanth Reddy and Sri K R Suresh Reddy, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Independent Directors to be appointed is given below:

Sri R Surender Reddy (84)

Sri R Surender Reddy has wise experience in business and politics. He was a Member of Parliament for four terms and was a member of Andhra Pradesh Legislative Assembly also for four terms.

Names of Companies in which he is a Director.

1. Hyderabad Race Club
2. Suryavanshi Spinning Mills Limited
3. Suryakiran International Limited
4. Surana Ventures Limited
5. Bhagyanagar India Limited
6. Lakshmi Finance & Industries Corpn. Limited
7. Suryalakshmi Cotton Mills Limited
8. Suryajyoti Spinning Mills Limited

Sri R S Agarwal (72)

R S Agarwal is a retired Executive Director of Industrial Development Bank of India (IDBI) and is a graduate in Science and Engineering and also holds a Diploma in Industrial Engineering. He has vast knowledge and experience in manufacturing industry and also in the Finance sector.

Names of the Companies in which he is a Director

1. Elegant Marbles and Grani Industries Limited
2. Suryalakshmi Cotton Mills Ltd
3. Gvk Jaipur Expressway Private Limited
4. The Ramco Cements Limited
5. Ramco Industries Limited
6. Videocon Industries Limited
7. Ramco Systems Limited
8. Liberty Videocon General Insurance Company Limited
9. Loop Mobile (India) Limited

Sri K Lakshmikanth Reddy (73)

Sri K Lakshmikanth Reddy aged about 73 years is on the Board of the Company since May, 2000 and he is an Advocate by Professional. He is a B.A, LL.B. from Osmania University. He has been associated with several social, cultural and educational institutions in the State of Andhra Pradesh. He was Assistant Govt. Pleader at High Court of Andhra Pradesh and Member, Managing Committee of Nizam club. He is presently practicing as an Advocate at the High Court, Andhra Pradesh. He is not holding Directorships in any other Company(s).

Sri K R Suresh Reddy (54)

Sri K R Suresh Reddy is a graduate from Nizam College, Hyderabad. He was a member of Andhra Pradesh Legislative assembly, from 1989 to 2009 and served as the speaker of the Andhra Pradesh Legislative assembly, for the full term of 2004-09. Re-appointment of the K.R. Suresh Reddy as an independent Director on the Board, will immensely benefit the company.

Names of companies in which he is a Director:

1. Padmaja Polymers Private Limited.
2. Padmaja Polypacks Private Limited.

Item No. 15 : Sanction of borrowing limits upto ₹ 200 Crores under section 180 (1) (c) of the Companies Act, 2013.

The members of the Company at their 23rd Annual General Meeting held on 8th September, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 200 Crores (Rupees two hundred crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 15 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 200 Crores (Rupees Two Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 15.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Annual Accounts of the Company for the financial year ended 31st March, 2014.

Financial Results

The Financial performance of the Company during the year ended 31st March, 2014 has been briefed below:

Particulars	(₹ in Lakhs)	
	Current Year 2013 - 14	Previous Year 2012 - 13
Gross Sales/Turnover	36,418	28,372
Net Sales/Turnover	35,011	26,947
Profit before Interest, Depreciation and Tax	3,357	3,245
Exceptional Item	Nil	439
Interest	1,118	872
Depreciation	894	747
Profit Before Tax	1,345	1,187
Less: Provision for tax	285	250
Deferred Tax Liability	175	147
Excess Provisions of IT of earlier years	Nil	(18)
Profit After Tax	885	808
Add: Profit brought forward from last year	668	488
Amount available for appropriation	1,553	1,296
Appropriations:		
Transfer to		
(a) General Reserve	500	500
(b) Preference Shares Redemption Reserve	0	0
(c) Dividend on Equity Shares	55	55
(d) Dividend on Preference Shares	55	55
(e) Dividend distribution tax	18	18
Balance Carried forward to Balance Sheet	925	668

Operations

Despite operating in a volatile and uncertain environment, the Company enabled to increase Turnover and to maintain the profits in the Financial Year 2013-14. The highlights of the Company's performance are as under :

- Revenue from operations increased by 28.35 % to ₹ 36,418 lakhs, compared to 28732 lakhs in the previous year.
- Exports increased by 24.31 % to 12209 lakhs compared to 9821 Lakhs in the previous year
- Production quantities increased to 21708 MTs as against 16577 MTs in previous year.
- Cash Profits are ₹ 2238 Lakhs as against ₹ 1934 lakhs in previous year.
- Profit Before Tax is ₹ 1345 Lakhs as against ₹ 1187 Lakhs in previous year.
- Profit After Tax is ₹ 885 Lakhs as against ₹ 808 Lakhs in previous year.

Capital expenditure

During the year under review, your company has incurred ₹ 285.95 Lakhs towards the capital expenditure.

Credit Rating

CRISIL ratings assigned investment grade BBB-/stable, upgraded from BB+ stable which supports and reflects the Company's financial discipline and prudence.

Future outlook

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

Dividends

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 2013-14. The said Dividend will absorb a sum of ₹ 54,75,141/-. The corporate dividend tax will be ₹ 9,30,500/-.

Also your Directors have recommended the payment of Dividend on the Equity Shares at 15 % (i.e.) ₹ 1.50 per share of ₹ 10/- each for the year 2013-14. The dividend will absorb a sum of ₹ 55,00,500/- and the dividend tax will be ₹ 9,34,810/-

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 2014.

The Company has outstanding deposits of ₹ 1.50 Crores as on 31st March, 2014. Pursuant to provisions of Section 74 of the Companies Act, 2013 shall be repaid on or before 31st March, 2015.

Directors

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Sri K K Sinha, & Sri K Lakshmikanth Reddy Directors of the Company are liable to retire by rotation at the ensuing Annual General meeting and being eligible, offered themselves for re-appointment. Board of Directors recommends the above re-appointments.

Further the Board of Directors proposes to appoint all the existing Independent Director i.e. Sri R Surender Reddy, Sri R S Agarwal, Sri K Lakshmikanth Reddy and Sri K R Suresh Reddy and under Section 149 of the Companies Act, 2013 so that they can act as Independent Directors of the Company for two terms of 5 years each from the ensuing Annual General Meeting.

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, 2014 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 and Companies Act, 2013 wherever applicable, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. Your Directors have prepared the accounts for the financial year ended 31st March, 2014 on a going concern basis.

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.

During the year Suryalata has taken up initiative to educate vedic students studying in various vedic schools and the company has provided donations to various charitable institutions such as Sri Kodhanda Ramalayam, Sai Geetha Ashram, Palamor Valasa Kooli Sankshema Samithi and Swamy Vivekananda Vighram etc.

Auditors

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, Statutory Auditors of the Company, retires at the ensuing Annual General meeting and are 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 12th May, 2014 and recommended the same for the approval of directors.

Cost Auditors

Pursuant to the directives from the central government and the provisions of 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 2013-14.

The Cost Auditor Report for the Financial Year 2013-14 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 and Government Authorities for their assistance and cooperation. The Board also acknowledges the support of the shareholders of the Company. The Board also places on record their

deep sense of appreciation for the committed services of all the employees of the Company.

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

R Surender Reddy
Chairman
DIN:00083972

Place : Secunderabad
Date : 12th May, 2014

Corporate Identification Number:
L18100TG1983PLC003962

Registered Office:
Surya Towers, 1st Floor, 105
Sardar Patel Road, Secunderabad - 500003
Tel: 040-27774200
Fax: 040-27846859
Email: cs@suryalata.com
Website : www.suryalata.com

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, 2014.

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:** Nil
- (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	2013-14	2012-13
1. ELECTRICITY		
a) Purchased Unit (No.)	6,22,58,268	4,96,76,122
Total Amount (₹)	34,02,45,262	28,80,30,864
Rate/Unit (₹)	5.47	5.80
b) Own Generation		
i) Through Generator Unit (No.)	Nil	Nil
Unit per Ltr. of Oil (No.)	Nil	Nil
Cost/Unit (₹)	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)	2.87	3.00
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 infrastructure and it is introducing new products on regular basis. |
| 2. Benefits derived as a result of the above R & D | : | High quality products have been developed, due to which the demand for the products of the Company has considerably gone up |
| 3. Future plan of action | : | To develop more value added products and improve further quality of the products |
| 4. Expenditure on R & D | : | Expenditure on in-house R & D has been shown under respective heads of Expenditure in the Profit & Loss Account as no separate account is maintained. |

B. Technology absorption, adaptation and innovation

- | | | |
|---|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | : | The Company has adapted indigenous technology and made innovation on the same. |
| 2. Benefits derived as a result of the above efforts, e.g. Product development, import substitution etc. | : | Product improvement, increase in yield and quality has resulted increase in turnover. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished. | : | No technology has been imported during the last five years. |
| 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 |

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 ₹ Lakhs)

	<u>2013-14</u>	<u>2012-13</u>
(i) Foreign Exchange earned		
FOB Value of Exports	6012.82	8055.66
(ii) Foreign Exchange Used		
Import of Capital Goods	Nil	1,557.68
Raw materials	Nil	0.00
Spares	58.79	48.71
Foreign Travel	13.20	13.95
Commission on export sales	72.93	253.22

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

R Surender Reddy
Chairman
DIN:00083972

Place : Secunderabad
Date : 12th May, 2014

Corporate Identification Number: **L18100TG1983PLC003962**

Registered Office:

Surya Towers, 1st Floor, 105
Sardar Patel Road, Secunderabad - 500003
Tel: 040-27774200
Fax: 040-27846859
Email: cs@suryalata.com
Website : www.suryalata.com

MANAGEMENT DISCUSSION AND ANALYSIS

ORGANISATION - PROFILE

Suryalata Spinning Mills Limited is one of the largest producers of Synthetic blended Yarns. The company produces 100% PSF, 100% VSF, Mélange, P/V blended yarns with counts ranging from 8s to 60s. The company is having two manufacturing units on Kalwakurthy - Jadcherla Road, only an hour away from the Hyderabad International Airport and the distance between the units is 5 Kms. The Company had total installed capacity of 89,376 spindles, Kalwakurthy unit has an installed capacity of 36,288 spindles with a production capacity of 30MT's per day and Urukondapet unit has an installed capacity of 53,088 spindles with a production capacity of 45MT's per day. Both the manufacturing units are certified "ISO 9001:2008".

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 12% to the country's export earnings. The textile sector is the second largest provider of employment after agriculture. It provides direct employment to over 35 million people besides another 45 million people are engaged in its allied activities.

India is the second largest manufacturer and exporter of textiles and clothing. India earned nearly US\$ 40 billion through exports of textiles and apparel according to the latest data released by the Reserve Bank of India (RBI). The Government of India has set a target of US \$ 50 billion for textile exports in 2014-15 which indicates that the textile sector has tremendous potential to grow in the next three to four years.

In the year 2013-14, the Indian textile industry operated in a volatile and uncertain environment. High volatility in currency exchanges also contributed to the pressure on margins and financial pressure. Many textile companies have

started reporting losses. Since the Textile Sector contributes about 14 per cent of the manufacturing output, the growth of this sector is crucial to the realization of targets relating to total output and employment growth.

The Government of India is supporting textile industry continuously from 1956 by increasing the budget allocation for technology up-gradation fund scheme (TUFS). This would help export units to meet their original financial plan and ease financial stress. However, the Textile industry was expecting an Indirect Tax cut. Textiles are the second largest exporter after IT and over 50 per cent of the total textile production in the country is exported to the United States and the European Union. Decreased Indirect Taxes shall reduce the prices inturn with the Competitors like China, but this expectation was not been met by the Government.

Ministry of Textiles has been continued TUFS scheme during the entire 12th Five Year Plan. In order to nurture and maintain its position in the global arena as the leading manufacturer and exporter of clothing, the Government of India has taking various measures in the recent past and introduced Focus Product scheme @ 2% incentive on exports, Focus market scheme @3%, Incremental exports benefit to specified countries etc, this supports to improve the margins.

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. Even though margins were impacting by regional market conditions, high inventory levels and slow down in some markets, we believe the urbanization and rising aspirations of the Indian Consumers will continue to drive demand for apparels, more particularly synthetic fabrics in Tri-fold in the next decade and our expansion is well timed in this growth opportunity.

The home-textiles and garment segments are reflecting sound growth both in domestic and international markets due to good demand for apparels. There is a substantial scope for further growth in these segments. The company expects good demand for its products in domestic as well as international markets.

SWOT Analysis:
STRENGTHS: our strengths are,

- (a) Experienced management team with exposure in textile industry.
- (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.,

WEAKNESS

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

1. High cost of raw materials and decline in the purchasing power of people
2. due to high inflation.
3. Slow pace of development of infrastructure, availability of power etc.
4. High cost of meeting strict environmental standards.

5. Competitor countries like China produce cheap and good quality crafts.
6. Preferential tariff regimes for close competitors in certain major markets.
7. Continuation of recessive trends for an extended period will cast its long shadow on textiles industry.

RISKS AND CONCERNS

In 2013-14 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.

OUTLOOK

The economy is on the path of recovery and the company expects good demand for its products in domestic as well as international markets. Your Company believes that the competition in the emerging markets will be met by developing production system based on cost efficiency, high productivity, quality assurance, etc. Raw materials, uninterrupted power supply and labour are the three critical inputs for an industry. Raw materials, inventories are maintained adequately while maintaining excellent relationship with domestic producers of polyester and viscose. The company invested in building quarters at units to reduce labour shortages that had plagued our performance in the past. Power to have 24*7 supply from the state grid, the company is installing 33 KVA lines for each of the unit separately. With this the entire process, the Company able to increase the plant performance further in the coming years.

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 2013-14 was ₹ 35,010.95 Lakhs in comparison to the ₹ 26,946.88 Lakhs in the previous year. The production during the year was ₹ 217.08 Lakh kgs of yarn (165.76 Lakh kgs. in the previous year).

Your Company has earned a Profit before Tax of ₹ 1345.52 Lakhs in comparison to ₹ 1187.32 Lakhs in the previous year. The Company earned a profit after tax of ₹ 885.21 Lakhs in comparison to ₹ 808.66 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 places 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 furniture to schools, 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 taken up initiative to educate vedic students by establish Vedic vidyalayam and the company has provided donations to various charitable institutions such as Sri Kodhanda Ramalayam, Sai Geetha Ashram, Palamor Valasa Kooli Sankshema Samithi and Swamy Vivekananda Vighram etc.

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, labor 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).

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

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

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

2. BOARD OF DIRECTORS

a) **Composition, category of Directors and attendance record for the year 2013-14:**

The Companies Act, 1956/2013 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 nine (9) Directors out of which four are Executive Directors, four are Non-Executive Independent Directors and one Non-Executive Director. The Independent Directors bring independent views and judgment in the decision making process of the Board. Smt. Madhavi Agarwal, is appointed as an Additional Director on the Board w.e.f 12th May, 2014.

Constitution of the Board and participation of Directors at meetings of the Board during the year 2013-14 are as follows:

Name of the Director	Category	Board Meetings Attended	Attendance at last AGM held on 10th August, 2013
Sri R Surender Reddy	Non-Executive Independent	4	Present
Sri K Lakshmikanth Reddy	Non-Executive Independent	4	Present
Sri R S Agarwal	Non-Executive Independent	4	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	3	Present
Sri K K Sinha	Executive Director	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	8	4	6
Sri K Lakshmikanth Reddy	Nil	Nil	Nil
Sri R S Agarwal	8	4	3
Sri K R Suresh Reddy	Nil	Nil	Nil
Sri Vithaldas Agarwal	Nil	Nil	Nil
Sri Mahender Kumar Agarwal	Nil	Nil	Nil
Sri Yash Agarwal	Nil	Nil	Nil
Sri K K Sinha	Nil	Nil	Nil

c) Number of Board meetings held and their dates:

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

22nd May, 2013, 10th August 2013, 9th November 2013 and 13th February 2014.

d) Re - appointment of Retiring Directors:

In accordance with the Articles of Association of the Company Sri K K Sinha & Sri K Lakshmikanth Reddy Directors of the Company will retire at the 31st Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Brief Resume of Directors seeking appointment / re-appointment
Sri K K Sinha

Sri K K Sinha aged about 60 years is a B.Sc., (Mathematics) graduate from Bhagalpur University, Bihar in 1976. He also holds Diploma in Textile Technology from State Board of Technical Education, Bihar in 1978. He has vast experience in Maintenance, productions and Quality Assurance and Marketing. His re-appointment will immensely benefit the company. He is not holding Directorships in any other company(s).

Sri K Lakshmikanth Reddy

Sri K Lakshmikanth Reddy aged about 73 years is on the board of the company since May, 2000 and he is an Advocate by Professional. He is a B.A, LL.B. from Osmania University. He has been associated with social service, cultural and educational institutions in the State of Andhra Pradesh. He was Assistant Govt. Pleader at High Court of Andhra Pradesh and Member, Managing Committee of Nizam Club. He is presently practicing as an Advocate at the High Court, Andhra Pradesh. He is not holding Directorships in any other company(s).

Smt. Madhavi Agarwal

Smt. Madhavi Agarwal aged about 46 years is a Commerce Graduate from Sydenham College of Commerce, Mumbai in 1985. She is a member of **Deepshikha Mahila Club** (Non government organization) since 2004. She has also been elected as a president of Deepshikha Mahila Club for the year 2014-15. She is not holding Directorships in any other company(s).

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 12th May, 2014. 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.

b) Composition, names of the members and Chairman:

In compliance with Clause 49 of the listing agreement and section 177 of the Companies Act, 2013, 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 2013 - 2014, four Audit Committee meetings were held on 22nd May, 2013, 10th August 2013, 09th November 2013 and 13th February 2014. 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	4
2.	Sri K R Suresh Reddy	3
3.	Sri R S Agarwal	4

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 2013-14, there was One meeting of Remuneration Committee held on 22nd May, 2013. The attendance of each member of the committee is given below:

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

d) **Remuneration policy:**

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

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

A detail of remuneration paid to Managerial Persons of the Company during the year 2013-14 is given below:

Sri Vithaldas Agarwal - Managing Director				
Salary (including HRA) (₹)	Perquisites (₹)	Commission (₹)	Contribution to PF (₹)	Total (₹)
32,40,000	Nil	Nil	Nil	32,40,000

Sri Mahender Kumar Agarwal - Joint Managing Director				
Salary (including HRA) (₹)	Perquisites (₹)	Commission (₹)	Contribution to PF (₹)	Total (₹)
30,42,540	4,63,284	Nil	1,09,140	36,14,964

Sri Yash Agarwal - Executive Director				
Salary (including HRA) (₹)	Perquisites (₹)	Commission (₹)	Contribution to PF (₹)	Total (₹)
18,08,282	2,85,000	Nil	81,989	21,75,271

A detail of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee meetings during the financial year 2013 - 14 is given below:

Sl. No.	Name of the Director	Sitting Fees paid (₹)
1.	Sri R Surender Reddy	35,000
2.	Sri K Lakshmikanth Reddy	19,000
3.	Sri R S Agarwal	35,000
4.	Sri K R Suresh Reddy	24,000

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- **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.

- **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.

- **Number of Shareholders complaints received during the year: 20**

- **Number of Shareholders complaints not resolved to the satisfaction of shareholders: Nil**

- **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
2012-13	10th August, 2013	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.30 A.M.
2011-12	12th September, 2012	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.15 A.M.
2010-11	15th September, 2011	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.15 A.M.

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

Date	No. of Special Resolutions Passed	Particulars of the Special Resolution
10th August, 2013	3	a) Revision of remuneration Sri Mahender Kumar Agarwal as the Joint Managing Director of the Company for a period of 3 years; b) Revision of remuneration of Sri Vithaldas Agarwal, Managing Director of the Company for a period of 3 years; c) Revision of remuneration of Sri Yash Agarwal, Executive Director of the Company for a period of 3 years;
12th September 2012	Nil	Nil
15th September 2011	1	Authorizing Sri K K Sinha to hold/continue the office of Chief General Manager (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, Chief Financial Officer 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 at point to g of the note 25 forming part of the financial statements.

- c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 3 years: Nil
- d) 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 : **6th August, 2014**

Time : **10.30 A.M.**

Venue : **Kamat Lingapur Hotel, 1-10-44/2
Chikoti Gardens, Begumpet, Hyderabad
Pin-code: 500 016**

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

c) Date of Book closure : **31st July, 2014 to 6th August, 2014 (Both days inclusive).**

d) Dividend Payment Date : Within 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

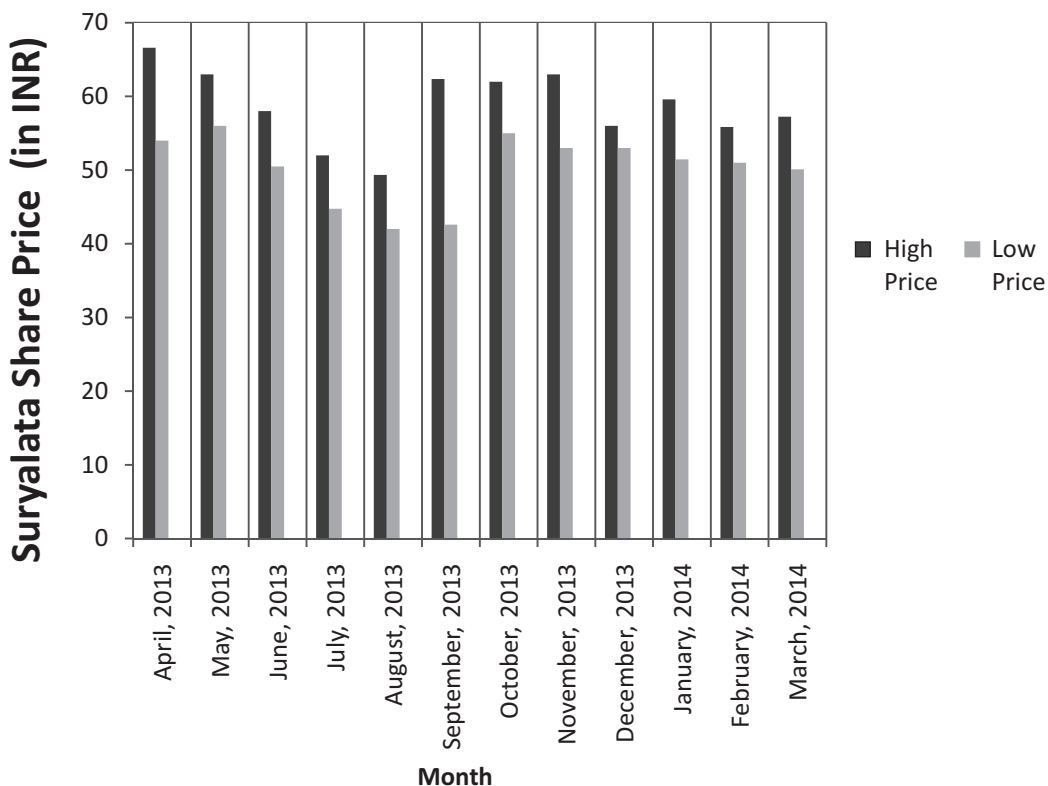
The listing fee for the year 2014-15 has been paid to the Stock Exchange.

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, 2013	66.60	54.00
May, 2013	63.00	56.00
June, 2013	58.00	50.50
July, 2013	52.00	44.75
August, 2013	49.35	42.00
September, 2013	62.35	42.60
October, 2013	62.00	55.00
November, 2013	63.00	53.00
December, 2013	56.00	53.00
January, 2014	59.60	51.45
February, 2014	55.85	51.00
March, 2014	57.25	50.10



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, 2013	66.60	54.00	19622.68	18144.22
May, 2013	63.00	56.00	20443.62	19451.26
June, 2013	58.00	50.50	19860.19	18467.16
July, 2013	52.00	44.75	20351.06	19126.82
August, 2013	49.35	42.00	19569.20	17448.71
September, 2013	62.35	42.60	20739.69	18166.17
October, 2013	62.00	55.00	21205.44	19264.72
November, 2013	63.00	53.00	21321.53	20137.67
December, 2013	56.00	53.00	21483.74	20568.70
January, 2014	59.60	51.45	21409.66	20343.78
February, 2014	55.85	51.00	21140.51	19963.12
March, 2014	57.25	50.10	22467.21	20920.98

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 the statutory period from the date of their lodgment with the Company.

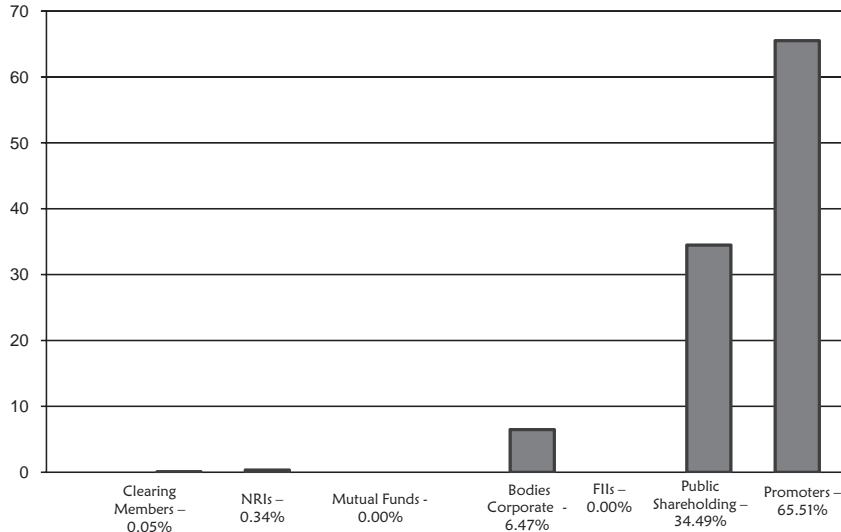
In terms of SEBI circular No. D&CC/FITC/CR-16 dated 31-12.2002, Secretarial Audit is conducted on a quarterly basis by a practicing Company secretary for the purpose of, inter alia, and reconciliation of the total submitted equity share capital with the depositories and in the physical form with the 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 schedule and shareholding pattern as on 31st March 2014:
(i) Distribution of Shareholding as on 31st March, 2014

Nominal Value	Shareholders		Share Amount	
	Holders	%	Amount	%
Upto 5000	3179	91.83	3501240	9.55
5001 - 10000	145	4.19	1096150	2.99
10001 - 20000	65	1.88	980710	2.67
20001 - 30000	19	0.55	455090	1.24
30001 - 40000	9	0.26	320210	0.87
40001 - 50000	6	0.17	278890	0.76
50001 - 100000	14	0.40	1009850	2.75
100001 & above	25	0.72	29027860	79.16
TOTAL	3462	100.00	36670000	100.00

(ii) Shareholding Pattern as on 31st March, 2014:

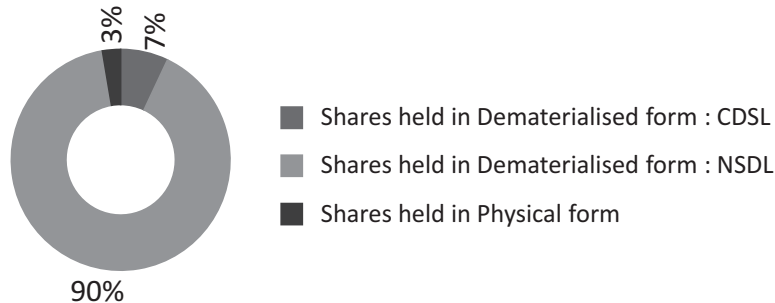
Category of Shareholder	No. of Share Holders	Total No. of shares	%
Promoter's Holding			
Indian Promoters	5	2402310	65.51
Foreign Promoters	0	0	0
Total Promoter's Holding (A)	5	2402310	65.51
Public Shareholding			
Institutional Investors			
Mutual Funds	2	96	0.00
Financial Institutions/Banks	2	990	0.03
Foreign Institutional Investors	0	0	0
Foreign Companies	0	0	0
Any Other	0	0	0
Non - Institutional Investors			
Bodies Corporate	86	237294	6.47
Individuals			
Holding share capital up to ₹ 1 lakh	3307	699300	19.07
Holding share capital in excess of ₹ 1 Lakh	18	312804	8.53
Others			
Non Resident Individuals	39	12544	0.34
Overseas Corporate Bodies	0	0	0
Trusts	0	0	0
Clearing Members	3	1662	0.05
Total Public Shareholding (B)	3457	1264690	34.49
Shares held by Custodian against Depository Receipts (C)	0	0	0
TOTAL (A+B+C)	3462	3667000	100



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, 2014, **35,68,575 Equity shares** were dematerialized representing **97.32%** 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:

- i) Marchala Village
Kalwakurthy Mandal
Mahabubnagar District
Telangana - 509 320
- ii) Urukondapet Village, Midjil Mandal
Kalwakurthy-Mahabubnagar Road
Mahabubnagar District
Telangana - 509 320

n) Address for Correspondence :

1. For transfer/dematerialization 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.
Telangana.
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**

R Surender Reddy
Chairman
DIN:00083972

Place : Secunderabad
Date : 12th May, 2014

Corporate Identification Number: **L18100TG1983PLC003962**

Registered Office:

Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad - 500 003
Telephone : 040-27774200 | Fax : 040-27846859
Email : cs@suryalata.com | Website : www.suryalata.com

**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:

1. We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2014 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.
2. 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 in violation of the Company's code of conduct;
3. 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;
4. 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.
5. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
6. 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 : 12th May 2014.

Vithaldas Agarwal
Managing Director
DIN 00012774

K Nageswara Rao
General Manager (Finance)

Corporate Identification Number:
L18100TG1983PLC003962

Registered Office:

Surya Towers, 1st Floor, 105,
Sardar Patel Road, Secunderabad - 500003
Tel: 040-27774200 | Fax : 040-27846859
Email: cs@suryalata.com | Website : www.suryalata.com

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, SECUNDERABAD, Telangana for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31st March, 2014, 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 : 12th May, 2014

K S RAO
Partner
Membership No.015850

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD.

Report on the Financial Statements:

We have audited the accompanying financial statements of **SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place: Hyderabad
Date : 12.05.2014

K S RAO
Partner
Membership No.015850

Re: SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD.

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
 - c) The plant and machinery disposed off during the year by the company is not substantial and hence, it has not affected the going concern status of the Company.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
 - b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the company.
 - c) During the year, the company has taken unsecured loans from 6 parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was ₹ 155.00 lakhs.
 - d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act 1956 are not prima-facie prejudicial to the interests of the company.
 - e) The company is regular in payment of the principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2014 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 (₹ 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 not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
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

Place: Hyderabad
Date : 12.05.2014

K S RAO
Partner
Membership No. 015850

BALANCE SHEET AS AT 31ST MARCH, 2014

(Figures in ₹ Lakhs)

Particulars	Refer Note No.	As at 31.03.2014		As at 31.03.2013	
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
a) Share Capital	1	1,103.18		1,103.18	
b) Reserves and Surplus	2	5,325.45	6,428.63	4,568.65	5,671.83
2. Non- current liabilities					
a) Long-term borrowings	3	5,988.28		7,705.16	
b) Deferred tax liabilities (Net)		1,377.01		1,201.70	
c) Long-term provisions	4	86.01	7,451.30	47.39	8,954.25
3. Current liabilities					
a) Short-term borrowings	5	2,986.13		3,712.99	
b) Trade payables	6	736.03		325.60	
c) Other current liabilities	7	4,523.17		3,306.11	
d) Short-term provisions	8	590.46	8,835.79	472.73	7,817.43
TOTAL			22,715.72		22,443.51
II. ASSETS					
1. Non-current assets					
a) Fixed assets	9				
Tangible assets		13,442.11		14,089.79	
Capital work-in-progress		2.51		0	
b) Long-term loans and advances	10	428.26	13,872.88	428.00	14,517.79
2. Current assets					
a) Current investments	11	0.11		0.11	
b) Inventories	12	2,173.28		1,603.54	
c) Trade receivables	13	3,507.24		3,939.38	
d) Cash and cash equivalents	14	97.77		63.57	
e) Short-term loans and advances	15	194.17		273.82	
f) Other current assets	16	2,870.27	8,842.84	2,045.30	7,925.72
TOTAL			22,715.72		22,443.51

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

Chartered Accountants

Firm Regn. No.0005135

for and on behalf of the Board

K S RAO

Partner

Membership No. 015850

Place : Secunderabad

Date : 12th May, 2014

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, 2014

(Figures in ₹ Lakhs)

Particulars	Refer Note No.	Current Year 31.03.2014	Previous Year 31.03.2013
INCOME			
I. Revenue from operations	17	35,010.95	26,946.89
II. Other Income	18	2,068.11	1,723.42
III. Total Revenue (I+II)		37,079.06	28,670.31
IV. EXPENSES			
Cost of Raw material Consumed	19	24,691.59	18,591.74
Purchases of stock-in-trade		689.54	177.00
Changes in inventories of finished goods, work in Process and stock-in-trade	20	(120.12)	(492.18)
Employee benefits expense	21	1,872.18	1,461.04
Finance costs	22	1,224.89	930.86
Depreciation and amortization expense	23	893.76	747.43
Other expenses	24	6,481.69	6,067.10
Total expenses		35,733.53	27,482.99
V. Profit before tax		1,345.53	1,187.32
VI. Tax expense:			
Current year Income Tax		285.00	250.00
Deferred tax		175.32	147.07
Less: Excess provision of I.T. of earlier Years		-	18.41
Sub-Total - Tax expense :		460.32	378.66
VII. Profit for the period, after tax		885.21	808.66
VIII. Earnings per equity share			
(1) Basic		22.39	20.30
(2) Diluted			

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

for and on behalf of the Board

K S RAO
Partner
Membership No. 015850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 12th May, 2014

MAHENDER KUMAR AGARWAL
Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Figures in ₹ Lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,345.53	1,187.32
Add: Depreciation	893.76	747.43
Finance Charges	1,111.91	871.86
Loss on sale of Assets (net)	5.56	2.64
	2,011.23	1,621.93
	3,356.76	2,809.25
Less: Interest earned	42.56	39.83
Rent Received	0.96	0.96
Dividend received	0.03	0.02
Credit balances written back	0.05	0.13
Miscellaneous Income	0.30	
Direct Taxes paid	231.43	299.92
Operating Profit before working capital changes	275.33	340.86
	3,081.43	2,468.39
Add: Decrease/(Increase) in Inventories	(569.74)	(166.91)
Decrease/(Increase) in Receivables	432.13	(1,394.20)
Decrease/(Increase) in Loans & Advances	(745.14)	(1,172.04)
(Decrease)/Increase in Current Liabilities	1,425.90	1,154.41
	543.15	(1,578.74)
Net Cash flow from Operating activity (A)	3,624.58	889.65
B. CASHFLOW FROM INVESTING ACTIVITIES		
INFLOW:		
Sale of Assets (net of taxes)	34.32	18.30
Interest Received	36.79	19.23
Rent Received	0.96	0.96
Dividend received	0.03	0.02
	72.10	38.51
OUTFLOW:		
Acquisition of fixed assets including Capital Work in Progress	(288.46)	(4,877.14)
(Increase)/Decrease in Advance for Capital equipment	(64.79)	485.62
(Increase)/Decrease in Investments	-	-
	(353.25)	(4,391.52)
Net Cash flow from Investing activity (B)	(281.15)	(4,353.01)

(Contd.)

CASH FLOW STATEMENT (Contd.)

(Figures in ₹ Lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
INFLOW:		
Term Loans Received	-	4,400.00
Hire Purchase Loans Received	34.50	64.41
Deposits Received	70.00	100.00
Unsecured Loans received	85.00	100.00
Sales tax Deferment loan	49.44	82.62
Increase/(decrease) in Bank Borrowings	(761.86)	765.34
	(522.92)	5,512.37
OUTFLOW:		
Repayment of Term loans	1,370.21	890.93
Dividends Paid	109.76	109.76
Repayment of Hire Purchase loans	35.06	26.51
Deposits Repaid	20.00	20.00
Repayment of Unsecured loans	50.00	120.00
Repayment of sales tax loans	84.32	40.93
Interest Paid	1,116.95	821.23
	2,786.30	2,029.36
Net Cash flow from financing activities ('C)	(3,309.22)	3,483.01
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)	34.21	19.65
Add: Cash/Cash equivalents at the beginning of the year	63.57	43.92
Cash/Cash equivalents at the end of the year	97.78	63.57

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

for and on behalf of the Board

K S RAO
Partner
Membership No. 015850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 12th May, 2014

MAHENDER KUMAR AGARWAL
Joint Managing Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	31.03.2014		31.03.2013	
	Number	₹ in Lakhs	Number	₹ In Lakhs
NOTE 1				
SHARE CAPITAL:				
Authorised				
Equity Shares of ₹ 10/- each	90,00,000	900.00	90,00,000	900.00
Preference Shares of ₹ 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 ₹ 10/- each fully paid up	3,667,000	366.70	3,667,000	366.70
12% Cum Redeemable Pref Shares of ₹ 100/- each (Series IV)	35,535	35.53	35,535	35.53
8% Cum Redeemable Pref Shares of ₹ 100/- each (Series -VII)	42,078	42.08	42,078	42.08
8% Cum Redeemable Pref Shares of ₹ 100/- each (Series -VIII)	100,000	100.00	100,000	100.00
7% Cum Redeemable Pref Shares of ₹ 100/- each (Series -IX)	558,871	558.87	558,871	558.87
		1103.18		1103.18

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

Particulars	No. of Equity Shares ₹ 10/- each		No. of Preference Shares ₹ 100/- each	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Shares Outstanding at the beginning of the year	3,667,000	3,667,000	736,484	736,484
Shares Issued during the year*	N.A.	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	3,667,000	3,667,000	736,484	736,484

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

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Vithaldas Agarwal	818,844	22.33	818,844	22.33
Mahender Kumar Agarwal	847,133	23.10	847,133	23.10
Madhavi Agarwal	504,161	13.75	504,161	13.75

Details of Non convertible redeemable preference shares

Nature	Series	Amount Rs in lakhs	Date of Issue	Date of Redemption
12% CRPSs of ₹ 100/- each	IV	35.53	21.10.2003	20.10.2017
8% CRPSs of ₹ 100/- each	VII	42.08	30.10.2004	29.10.2014
8% CRPSs of ₹ 100/- each	VIII	100.00	31.01.2007	31.01.2017
7% CRPSs of ₹ 100/- each	IX	50.00	06.03.2009	05.03.2021
7% CRPSs of ₹ 100/- each	IX	508.87	06.03.2009	05.03.2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
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	470.87
Closing Balance	<u>470.87</u>	<u>470.87</u>
c. Preference Capital Redemption Reserve		
At the commencement of the year	736.48	736.48
Closing Balance	<u>736.48</u>	<u>736.48</u>
d. Other Reserves:		
i) General Reserve		
At the commencement of the year	2,110.00	1,610.00
Add: Transfer from Surplus	500.00	500.00
Closing Balance	<u>2,610.00</u>	<u>2,110.00</u>
ii) Security Premium		
At the commencement of the year	568.20	568.20
Closing Balance	<u>568.20</u>	<u>568.20</u>
e. SURPLUS:		
At the commencement of the year	668.10	487.85
Add: Current year profit	885.21	808.66
Less: Equity Dividend	55.01	55.01
Preference Dividend	54.75	54.75
Corporate Dividend tax	18.65	18.65
Transfer to General reserve	500.00	500.00
Closing Balance	<u>924.90</u>	<u>668.10</u>
Grand Total (a+b+c+d+e)	<u>5,325.45</u>	<u>4,568.65</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
NOTE 3		
LONG TERM BORROWINGS		
SECURED		
a) Term loans Under TUFs from Banks		
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	-	26.15
b) Term Loan - URKD	419.82	1,006.50
c) Addl. Term Loan - URKD	37.50	87.50
d) Term Loan - URKD (TFO)	444.62	484.62
e) Term Loan - URKD (Expn-2)	2,100.00	2,700.00
f) WC TL - URKD (Expn-2)	325.00	425.00
2) State Bank of India		
a) Term Loan - KKY (TFO)	-	30.36
b) Term Loan - URKD (Expn-1)	212.94	283.90
c) Term Loan - URKD (Expn-2)	837.75	1,080.00
	4,377.63	6,124.03

Appendix:

1. 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.

Terms of Repayment:

Particulars	Rate of Interest	Quarterly Instalments
1) Industrial Development Bank of India		
a) Term Loan - KKY (OM)	11.50%	0
b) Term Loan - URKD	11.00%	3
c) Addl. Term Loan - URKD	12.60%	3
d) Term Loan - URKD (TFO)	13.75%	17
e) Term Loan - URKD (Expn-2)	13.25%	14
f) WC TL - URKD (Expn-2)	14.25%	13
2) State Bank of India		
a) Term Loan - KKY (TFO)	14.20%	0
b) Term Loan - URKD (Expn-1)	14.25%	12
c) Term Loan - URKD (Expn-2)	14.15%	14

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
NOTE 3		
LONG TERM BORROWINGS (Contd.)		
b) Other loans and advances		
Vehicle Hire Purchase Loan	52.52	56.49
Total	52.52	56.49
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	150.00	100.00
(II) Loans and advances		
From Bodies Corporate	5.11	5.11
Total	155.11	105.11
d) Sales Tax Loans (Deferment)		
Total	1,403.02	1,419.53
Total (a+b+c+d)	5,988.28	7,705.16

The Salestax loans (deferment) liability amounting to ₹ 1,403.02 lacs shown under unsecured loans above, is due for repayment as under.

Year	Amount	Year of Repayment
2001-02	1,43,48,280	01.04.2016
2002-03	1,11,47,126	01.04.2017
2003-04	90,85,076	01.04.2018
2004-05	86,87,556	01.04.2019
2005-06	1,76,57,136	01.04.2020
2006-07	1,62,92,324	01.04.2021
2007-08	1,13,15,910	01.04.2022
2008-09	1,10,77,732	01.04.2023
2009-10	94,82,719	01.04.2024
2010-11	92,52,818	01.04.2025
2011-12	87,49,378	01.04.2026
2012-13	82,62,303	01.04.2027
2013-14	49,43,793	01.04.2028
Total	14,03,02,151	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
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NOTE 4
LONG TERM PROVISIONS

Provision for employee benefits	86.01	47.39
Gratuity - (Unfunded)		
Total	86.01	47.39

NOTE 5
SHORT TERM BORROWINGS
a) Secured
Loans repayable on demand from banks
i) State Bank of India

Cash Credit	807.07	1,099.49
SLC Against export gold card scheme	491.60	512.55
Export Packing Credit	996.05	1,649.66

ii) IDBI Bank Ltd

Cash Credit	656.41	451.29
Total	2,951.13	3,712.99

* 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 Directors	35.00	-
Total	35.00	-
Total (a+b)	2,986.13	3,712.99

NOTE 6
TRADE PAYABLES
A) SUNDRY CREDITORS

- Due to Micro, Small and Medium Enterprises	168.98	135.50
- Others	567.05	190.10
Total	736.03	325.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
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NOTE 7
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)	26.15	104.62
b) Term Loan - URKD	586.68	546.68
c) Addl. Term Loan - URKD	50.00	50.00
d) Term Loan - URKD (TFO)	40.00	40.00
e) Term Loan - URKD (New project)	600.00	300.00
f) WCTL Loan - URKD	100.00	75.00

2) State Bank of India

a) Term Loan - KKY (TFO)	30.36	60.71
b) Term Loan - URKD (Expn-1)	70.96	70.96
c) Term Loan - URKD (New project)	240.00	120.00

	1,744.15	1,367.97
Advances received against sales	1,360.69	109.08
Unclaimed dividends	7.14	7.23
Vehicle Hire Purchase Loans	33.07	29.66
Salestax Loans (Deferment)	65.95	84.32
Interest Accured and not due	78.50	83.56
Sundry Creditors for: Expenses	1,108.51	1,430.68
" Other Finance	55.31	50.89
" Capital Expenditure	69.85	142.72
Total	4,523.17	3,306.11

NOTE 8
SHORT TERM PROVISIONS
a) Provision for employee benefits

Salary and Wages	136.44	99.52
Contribution to PF & ESI	11.85	13.30
Gratuity	29.75	39.40
Leave Encashment	65.80	55.56
Bonus Payable	62.24	55.21

b) Others (Specify nature)

Provisions for Income Tax (net)	155.97	81.33
Proposed Equity Shares Dividend	55.01	55.01
Proposed Preference Shares Dividend	54.75	54.75
Corporate Dividend Tax	18.65	18.65

Total	590.46	472.73
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SURYALATA SPINNING MILLS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 9 FIXED ASSETS

(Figures in ₹ Lakhs)

Description	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 01.04.2013	For the Year	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Land	191.79	-	-	191.79	-	-	-	-	191.79	191.79
Factory Buildings	3,161.39	16.94	-	3,178.33	465.93	105.73	-	571.66	2,606.67	2,695.46
Non Factory Buildings	1,005.47	2.89	-	1,008.36	105.36	16.40	-	121.76	886.60	900.11
Plant & Machinery	13,574.36	195.46	52.28	13,717.54	4,278.90	688.36	42.83	4,924.43	8,793.11	9,295.46
Testing Equipment	89.75	-	-	89.75	36.23	4.18	-	40.41	49.34	53.52
Electrical Installations	906.75	3.44	-	910.19	268.08	44.78	-	312.86	597.33	638.67
Data Processing Equipment	57.57	4.92	-	62.49	53.70	2.12	-	55.82	6.67	3.88
Workshop Equipment	24.84	-	-	24.84	8.80	1.18	-	9.98	14.86	16.04
Weighing Machinery	12.77	-	-	12.77	8.03	0.48	-	8.51	4.26	4.74
Water Works	11.45	-	-	11.45	2.42	0.19	-	2.61	8.84	9.02
Furniture & Fixtures	90.53	8.83	-	99.36	29.01	5.16	-	34.17	65.19	61.53
Office Equipment	61.35	11.86	0.68	72.53	17.62	3.05	0.21	20.46	52.07	43.72
Vehicles	243.56	41.61	50.17	235.00	67.71	22.13	20.22	69.62	165.38	175.85
Add: Capital work in Progress	19,431.58	285.95	103.13	19,614.40	5,341.79	893.76	63.26	6,172.29	13,442.11	14,089.79
	-	239.67	237.16	2.51	-	-	-	-	2.51	-
Total	19,431.58	528.13	340.29	19,616.91	5,341.79	893.76	63.26	6,172.29	13,444.62	14,089.79
Less: Internal Transfers	-	237.16	237.16	-	-	-	-	-	-	-
Total	19,431.58	290.97	103.13	19,616.91	5,341.79	893.76	63.26	6,172.29	13,444.62	14,089.79
Previous Year 2012-13	14,586.18	4,877.14	31.74	19,431.58	4,605.16	747.43	10.80	5,341.79	14,089.79	9,981.02

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
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NOTE 10
LONG TERM LOANS AND ADVANCES

Deposits Recoverable (Un Secured considered good) (Telephone,APCPDCL & Other Deposits)	428.26	428.00
Total	428.26	428.00

NOTE 11
CURRENT INVESTMENTS
At Cost Unquoted - Non traded

National Saving Certificate (Pledged with Sales Tax Department)	0.01	0.01
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Investment in Equity Instruments
At Cost - Quoted -Traded

800 Equity Shares in UCO Bank of ₹ 10/-, with Premium 2/-,each (Market Value ₹ 59,800/-, Previous Year ₹ 48,080/-)	0.10	0.10
Total	0.11	0.11

NOTE 12
INVENTORIES:

(As certified by the management)

a) Raw Materials (Valued at lower of cost or net realisable value basis)	645.33	234.57
b) Stores & Spares (Valued at cost on weighted average basis)	186.29	147.42
c) Finished Goods (including in-transit for exports) (Valued at lower of cost or net realisable value basis)	977.93	884.39
d) Stocks-in-process (Valued at cost)	362.61	336.89
e) Waste (at realisable value)	1.12	0.27
Total	2,173.28	1,603.54

* Details of Raw Materials :

Polyster Staple Fibre	490.21	194.53
Viscose Staple Fibre	155.12	40.04
Total	645.33	234.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	As at 31.03.2014	As at 31.03.2013
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NOTE 13
TRADE RECEIVABLES:

Receivables for a period exceeding six months	21.87	33.38
Receivables for a period less than six months (Unsecured and considered good)	3,485.37	3,906.00
Total	3,507.24	3,939.38

NOTE 14
CASH AND CASH EQUIVALENTS :

a) Cash on Hand	7.84	12.56
b) Balances with Banks		
With Scheduled Banks	29.89	7.81
c) Balance with Banks against Dividends payments	7.14	7.23
d) Fixed deposits with Banks	52.89	35.96
e) With Post Office Savings Bank (Pledged with Central Excise Dept)	0.01	0.01
Total	97.77	63.57

NOTE 15
SHORT TERM LOANS AND ADVANCES:

a) Advances for Capital Works	121.95	130.03
b) Advances for Suppliers & Expenses	38.38	113.20
c) Advances to Staff & Workers	13.90	13.41
d) Tax Deducted at Source	19.94	17.18
Total	194.17	273.82

NOTE 16
OTHER CURRENT ASSETS:

a) Terminal Excise Duty Receivable	8.90	224.00
b) TUF Rebate receivable from Banks	236.10	205.39
c) State Incentive Receivables	1,462.41	823.33
d) Export Benefit entitlement Receivable	1,097.28	616.52
e) APCPDCL Claims Receivables	-	119.42
f) Rent Receivable	0.08	0.08
g) Cenvat benefit entitlement	5.81	1.55
h) Interest receivable	38.10	32.33
i) Prepaid Expenses	21.59	22.68
Total	2,870.27	2,045.30

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	Current Year 31.03.2014	Previous Year 31.03.2013
NOTE 17		
SALE OF PRODUCTS :		
Yarn	36,366.60	28,326.12
Waste/Scrap	51.93	46.18
Total Sales :	36,418.53	28,372.30
Less: Excise Duty	1,407.58	1,425.41
Total	35,010.95	26,946.89

NOTE 18
OTHER INCOME:

Interest earned	42.56	39.83
Dividend Received	0.03	0.02
Miscellaneous Income	1.26	0.96
Credit Balances written back	0.05	0.13
Export Benefit entitlements	2,022.53	1,679.39
Prior Period Income	1.68	3.09
Total	2,068.11	1,723.42

NOTE 19
RAW MATERIAL CONSUMED

Opening Stock	234.57	561.68
Add: Purchases	25,102.35	18,264.63
	25,336.92	18,826.31
Less: Closing Stock	645.33	234.57
Total Cost of Raw materials consumed: Total	24,691.59	18,591.74

Imported and Indigeneous Raw Materials consumed :

	2013-14		2012-13	
Indigeneous	100.00%	24,691.59	100.00%	18,591.74
Imported	0.00%	-	0.00%	-
Total	100.00%	24,691.59	100.00%	18,591.74

Details of Raw Material Consumed :

Polyster Staple Fibre	21,063.40	14,033.25
Viscose Staple Fibre	3,628.19	4,558.49
Total	24,691.59	18,591.74

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	Current Year 31.03.2014	Previous Year 31.03.2013
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NOTE 20
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

(INCREASE)/DECREASE IN STOCKS

OPENING STOCKS

Yarn	884.39	476.65
Stock in process	336.89	252.53
Waste	0.26	0.19
Total	1,221.54	729.37

CLOSING STOCKS

Yarn	977.93	884.39
Stock in process	362.61	336.89
Waste	1.12	0.27
Total	1,341.66	1,221.55

(Increase)\Decrease in Stocks
(120.12)
(492.18)
NOTE 21
EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	1,528.65	1,162.92
b) Contribution to Provident Fund	110.46	109.69
c) Contribution to Employee State Insurance	48.79	37.82
d) Contribution to Group Insurance (EDLI)	4.22	3.43
e) Staff welfare expenses	126.49	118.48
f) Gratuity fund	53.57	28.70
Total	1,872.18	1,461.04

NOTE 22
FINANCE COSTS

Interest on term loans	698.10	440.18
Interest on others	419.68	431.65
Net gain/loss on foreign currency transactions & translation	(5.87)	0.03
Bank charges	112.98	59.00
Total	1,224.89	930.86

NOTE 23
DEPRECIATION AND AMORTISATION EXPENSE

Depreciation	893.76	747.43
Total	893.76	747.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in ₹ Lakhs)

	Current Year 31.03.2014	Previous Year 31.03.2013
NOTE 24		
OTHER EXPENSES		
<u>Stores consumed:</u>		
Stores and Spares	373.60	282.48
Packing Material	427.37	347.04
<u>Power and Fuel</u>		
Electricity charges	3,402.45	3,316.61
<u>Repairs to:</u>		
Buildings	55.41	24.29
Machinery	215.23	163.80
Others	12.89	15.04
<u>Sales Expenses:</u>		
Sales Tax	402.29	349.78
Commission on Sales	162.14	346.66
Freight & Others - Domestic Sales	367.76	326.11
Freight & Others - Export Sales	519.43	425.14
<u>Payments to Auditors</u>		
As Auditors	0.84	0.84
for Tax Audit	0.17	0.17
for Certification	1.02	0.63
for Cost Auditors	0.27	0.20
Rates and Taxes	19.00	15.65
Printing and Stationery	10.81	8.17
Postage, Telegrams and Telephones	17.28	17.06
Travelling, Conveyance and Vehicle expenses	135.22	89.05
Insurance	27.70	23.63
Managerial Remuneration	90.30	128.24
Directors sitting fees	1.13	1.04
Professional charges	10.86	12.53
Office Maintenance	124.26	107.00
Miscellaneous expenses	93.55	58.87
Loss on sale of assets (Net)	5.56	2.64
Donations	5.15	4.43
Total	6,481.69	6,067.10

Imported and Indigeneous Stores & Spare parts consumed:

	2013-14		2012-13	
Indigeneous	84.98%	317.47	94.03%	265.63
Imported	15.02%	56.13	5.97%	16.85
Total	100.00%	373.60	100.00%	282.48

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Note No : 25****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, 2014

(Figures in ₹ Lakhs)

Particulars	As on 31.03.2014	As on 31.03.2013
a. Contingent Liabilities not provided for on account of:		
a) Contracts to be executed on capital projects	411.40	768.00
b) Bank Guarantee	1.90	1.90
c) Bills discounted against LC's	291.35	222.98
d) Inland LC's	Nil	97.66
b. Earnings in Foreign Exchange FOB Value of Exports	6,012.82	8,055.66
c. Expenditure in Foreign Currency during the year on account of:		
i) Commission on Export Sales	72.93	253.22
ii) Foreign Travel (Excluding tickets purchased in India)	13.20	13.95
	<u>86.13</u>	<u>267.17</u>
d. Value of Imports calculated on CIF basis in respect of:		
i) Plant and Machinery - Imported (CIF Value)	Nil	1557.68
ii) Raw materials (CIF Value)	Nil	Nil
iii) Stores and Spares (CIF Value)	58.79	48.71
	<u>58.79</u>	<u>1606.39</u>
e. Composition of Net Deferred Tax Liability		
Deferred Tax Liabilities		
Depreciation	1,423.33	1,333.35
Deferred Tax Assets		
Provision for Gratuity	46.32	47.28
Income tax MAT entitlement	Nil	84.37
Deferred Tax Liability (Net)	<u>1,377.01</u>	<u>1,201.70</u>
f. Basic Earnings Per Share as per Accounting Standard No. 29		
Profit after Tax	885.21	808.66
Less: Dividend on Preference Share Capital with dividend tax there on	64.06	64.06
	<u>821.15</u>	<u>744.60</u>
Weighted average Number of Equity Shares	36.67	36.67
Diluted Number of Equity Shares	36.67	36.67
Basic Earnings per share	Rs 22.39	Rs 20.30
Diluted Earnings per share	Rs 22.39	Rs 20.30

Note No.25 (Contd.)
g. Related party disclosure

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

i) Transactions during the year (Expenditure)

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2014	PreviousYear 31.03.2013
Sri Vithaldas Agarwal Managing Director	Key Managerial Personnel	a) Remuneration	32.40	30.60
		b) Interest (Gross)	3.41	2.07
		c) Unsecured Loan Repaid	50.00	20.00
		d) Commission	Nil	25.35
		e) Unsecured Loan Received	65.00	Nil
Sri M K Agarwal Joint Managing Director	Key Managerial Personnel	a) Remuneration	35.97	28.42
		b) Interest (Gross)	1.47	Nil
		c) Unsecured Loan Repaid	Nil	Nil
		d) Commission	Nil	25.35
		e) Unsecured Loan Received	20.00	Nil
Sri Yash Agarwal Executive Director	Key Managerial Personnel	a) Remuneration	21.75	18.53
		b) Interest (Gross)	Nil	Nil
M K Agarwal-HUF	Key Managerial Personnel	a) Interest (Gross)	0.27	Nil
		b) Deposits Paid	5.00	Nil
		c) Deposits Received	5.00	Nil
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Gross)	0.82	Nil
		b) Deposits Paid	15.00	Nil
		c) Deposits Received	15.00	Nil
Suryaamba Spinning Mills Ltd	MD's Son is Director	a) Purchase of Yarn	137.12	Nil
Suryalakshmi Cotton Mills Ltd	MD's Brother is Director	a) Purchase of Yarn	336.54	97.86
		b) Interest (Gross)	Nil	0.50
		c) Deposits Paid	Nil	100.00
		d) Deposits Received	Nil	100.00

Note No.25 (Contd.)
ii) Payable as at 31.03.2014

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2014	Previous Year 31.03.2013
Sri Vithaldas Agarwal Managing Director	Key Managerial Personnel	a) Remuneration (Net)	4.02	3.93
		b) Interest (net)	2.36	1.40
		c) Unsecured Loan	15.00	Nil
		d) Commission	Nil	25.35
Sri M K Agarwal Joint Managing Director	Key Managerial Personnel	a) Remuneration (Net)	2.28	3.84
		b) Interest (net)	1.32	Nil
		c) Unsecured Loan	20.00	Nil
		d) Commission	Nil	25.35
Sri Yash Agarwal Executive Director	Key Managerial Personnel	a) Remuneration (Net)	0.84	1.17
M K Agarwal-HUF	Key Managerial Personnel	a) Interest (Net)	0.53	0.30
Smt Madhavi Agarwal	Wife of Sri M K Agarwal	a) Interest (Net)	1.02	0.33
Suryalakshmi Cotton Mills Limited	MD's Brother is Director	a) Purchase of Yarn	36.54	Nil

h. 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.

(₹ in Lakhs)

Particulars	As on 31.03.2014	As on 31.03.2013
i. Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	211.81	176.22
Interest cost	16.95	14.80
Current Service Cost	28.96	31.42
Benefits Paid	Nil	Nil
Actuarial gain/(Loss) on obligations	(5.70)	(10.63)
Present value of obligations as at end of year	252.02	211.81

(Contd.)

Note No.25 (Contd.)

(Figures in ₹ Lakhs)

Particulars	As on 31.03.2014	As on 31.03.2013
ii. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	125.02	114.70
Expected return on plan assets	10.00	9.63
Contributions	-	-
Benefits Paid	-	-
Actuarial gain /(Loss) on Plan assets	1.25	0.69
Fair value of plan assets at the end of year	136.27	125.02
iii. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	125.02	114.70
Actual return on plan assets	11.25	10.32
Contributions	Nil	Nil
Benefits Paid	Nil	Nil
Actuarial gain/(Loss) on Plan assets	1.25	0.69
Fair value of plan assets at the end of year	136.27	125.02
Funded status	(115.75)	(86.79)
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		
	As on 31.03.2014	As on 31.03.2013
Discount rate	8%	8%
Excepted rate of return on assets	8%	8%
Salary Escalation	8% F5Y & 5%TA	8% F5Y & 5%TA

- 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 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. 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 domestic sales other than milenge yarn. The product of Milenge yarn cleared on payment of excise duty by avail cenvat credit on inputs during the period from 01.04.2012 to 28.02.2013 and opted for zero rate of duty by not taking cenvat credit from 01.03.2013 due to zero rate of duty made on fabric in the Budget presented on 28.02.2013.

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

for and on behalf of the Board

K S RAO
Partner
Membership No. 015850

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 12th May, 2014

MAHENDER KUMAR AGARWAL
Joint Managing Director



**31st Annual General Meeting
SURYALATA SPINNING MILLS LIMITED**

ATTENDANCE SLIP

CIN : L18100TG1983PLC003962, Registered office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad-500 003, Tel: 040-27774200 Fax: : 040-27846859; Email: cs@suryalata.com: Website : www.suryalata.com

Date	Venue	Time
6th August, 2014	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.30 A.M.

Name of the Shareholder	Folio / DP & Client ID No.	No. of Shares

I certify that I am a registered shareholder of the Company; holding above mentioned shares in the Company, and hereby record my presence at the 31st 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.



**31st Annual General Meeting
SURYALATA SPINNING MILLS LIMITED**

PROXY FORM

CIN: L18100TG1983PLC003962, Registered office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003, Tel: 040-27774200 Fax: : 040-27846859; Email: cs@suryalata.com: Website : www.suryalata.com

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:

Name of the company:

Registered office:

Name of the member(s):

E-mail Id :
Folio / DP & Client ID No. :

Registered address:

I/We, being the member (s) of shares of the above named company, hereby appoint

- Name: Address
.....E mail Id.....Signature.....
or Failing him
- Name: Address
.....E mail Id.....Signature.....
or Failing him
- Name: Address
.....E mail Id.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at theAnnual general meeting/ Extraordinary general meeting of the company, to be held on the day of..... At..... a.m. / p.m. at.....(place) and at any adjournment thereof in respect of such resolutions as are indicated below:



S.No.	Resolutions	For	Against
	Ordinary Business		
1.	To receive, consider and adopt the audited statement of Profit and Loss Account for the financial year ended 31st March, 2014 and Balance Sheet as at that date together with reports of Auditors and the Board of Directors.		
2.	To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2014.		
3.	To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2014.		
4.	To appoint a Director in place of Sri K. K. Sinha, who retires by rotation and being eligible, offers himself for re-appointment.		
5.	Appointment of Auditors.		
	Special Business		
6.	Re-appointment of Sri Vithaldas Agarwal, Managing Director of the company for a period of 5 years.		
7.	Alteration of Memorandum of Association of the company.		
8.	Alteration of Articles of Association of the company.		
9.	Further issue of preference shares of the company on Private Placement basis.		
10.	Appointment of Smt Madhavi Agarwal as Director of the company.		
11.	Appointment of Sri K Lakshmikanth Reddy, as the Independent Director of the company for a period of 5 years.		
12.	Appointment of Sri R Surender Reddy, as the Independent Director of the company for a period of 5 years.		
13.	Appointment of Sri R S Agarwal, as the Independent Director of the company for a period of 5 years.		
14.	Appointment of Sri K R Suresh Reddy, as the Independent Director of the company for a period of 5 years.		
15.	Sanction of borrowing limits upto ₹ 200 Crores under section 180 (1) (c) of the Companies Act, 2013.		

Signed this..... day of..... 2014.

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NOTES: 1. This Form in order to be effective should be duly completed and deposited at the registered office of the company at Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003, not less than 48 hours before the commencement of the meeting.
2. Those members who have multiple folios with different joint holders may use copies of this attendance slips/proxy.



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If undelivered, please return to:



SURYALATA SPINNING MILLS LIMITED

CIN L18100TG1983PLC003962

Regd. Office: Surya Towers, 1st Floor, 105

S.P. Road, Secunderabad - 500 003

Phone No : 040-27774200 Fax : 040-27846859

e-mail: cs@suryalata.com www.suryalata.com