

SURYALATA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri R. Surender Reddy	Chairman
Sri K. Srinivas Reddy	Director
Sri K. Lakshmikanth Reddy	Director
Sri R.S. Agarwal	Director
Sri Vithaldas Agarwal	Managing Director
Sri Mahender Kumar Agarwal	Joint Managing Director

GENERAL MANAGER (Finance)

Sri K.Nageswara Rao

REGISTERED OFFICE

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

AUDITORS

M/s. Brahmayya & Co.,
Flat No.403 & 404,
Golden Green Apartments,
Irrammanzil Colony,
Hyderabad – 500 082.

REGISTRAR & TRANSFER AGENTS

Sathguru Management Consultants Private Limited,
Plot No.15, Hindi Nagar,
Panjagutta, Hyderabad – 500 034.

BANKERS

State Bank of India
Industrial Finance Branch,
Hyderabad.

Axis Bank Limited
Begumpet Branch,
Hyderabad.

IDBI Limited
Z.O : Chennai.

FACTORIES

Marchala Village,
Kalwakurthy Mandal,
Mahaboobnagar District,
Andhra Pradesh.

Urukondapet
Midjil Mandal,
Mahaboobnagar District,
Andhra Pradesh.

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NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Monday, the 14th September 2009**, at 10.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad-500 016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares for the year ended 31st March, 2008 and 31st March, 2009.
3. To appoint a Director in place of Sri K. Lakshmikanth Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri R.S. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Brahmayya & Co., Chartered Accountants, as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,311 and other applicable provisions, if any, of the

Companies Act, 1956, read with Schedule XIII thereof as amended up to date and subject to the approval of financial institutions, consent of the members of the Company, be and is hereby accorded for the 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, 2009 to 30th June, 2014 on the following terms and conditions:

- a) Salary: Rs.95,000/- per month.
- b) HRA: 50% of salary
- c) Commission: At the rate of 1% of the net profits of the Company or 50% of the annual salary whichever is less.
- d) Perquisites: In addition to the salary and commission as stated above Sri Vithaldas Agarwal shall be entitled to the following perquisites:

CATEGORY 'A'

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

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as minimum remuneration to Sri Vithaldas Agarwal, Managing Director in terms of Section II of Part II of Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT subject to provisions of Section 314(1)(b) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, consent of the

members of the Company be and is hereby accorded to appoint Mr. Yash Agarwal S/o Sri Mahender Kumar Agarwal, Jt. Managing Director, to hold and continue to hold an office of profit under the Company as Chief Executive (Operations) with effect from 27th July, 2009 for a period of three years and on such terms and conditions and on such remuneration together with usual allowances and benefits, amenities and facilities including accommodation, medical facilities, leave travel allowance, personal accident insurance, superannuation fund, retiring gratuity and provident fund benefits as per rules of the company, or fixed by the Board of Directors of the Company, provided that the remuneration payable to Mr. Yash Agarwal shall not exceed Rs. 45,000/- per month.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution and to settle any questions, difficulties or doubts that may arise in this regard".

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

Place : Secunderabad **Vithaldas Agarwal**
Date : 6th June, 2009 Managing Director

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 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 meeting.
2. The Register of Members and Share Transfer Books of the Company will be remain closed from 10th September, 2009 to 14th September, 2009 (both days inclusive).
3. The Company has already transferred all unclaimed dividends declared up to the financial year ended 31st March, 2002 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
4. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2002 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	Last Date for Claiming un-paid dividend	Due for transfer on
2003-2004	31.08.2004	30.08.2011	07.10.2011
2004-2005	29.09.2005	28.09.2012	05.11.2012
2005-2006	08.09.2006	07.09.2013	14.10.2013
2006-2007	26.09.2007	25.09.2014	02.11.2014

Members who have not encashed the dividend warrant(s) so far for the financial

year ended 31st March, 2004 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 be in respect thereof.

5. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze

Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and the company has paid the Listing Fees to the said Stock Exchange.

6. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business set out under item no. 6 and 7 are annexed.
7. Members are requested to bring their copy of the Annual Report to the meeting.

EXPLANATORY STATEMENT

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

Item 6: Re-appointment of Sri Vithaldas Agarwal as the Managing Director of the Company.

The existing tenure of Sri Vithaldas Agarwal, Managing Director expires on 30th June, 2009. Sri Vithaldas Agarwal is the Promoter Director of the Company and since inception he steered the Company with a total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations. In times of slowdown of the business, the Company has always kept its spirit high both in words and action due to the untiring efforts of Sri Vithaldas Agarwal, Managing Director.

The Board reviewed the performance achieved by the Company under his leadership and appreciated the same. Further in order to avail his uninterrupted services for the growth of the Company, Board has proposed to re-appoint him for a further period of 5 Years with effect from 1st July, 2009 on the terms and conditions contained in the resolution. The Remuneration Committee has approved the remuneration proposed to Sri Vithaldas Agarwal, Managing Director.

The re-appointment of Sri Vithaldas Agarwal as the Managing Director requires the approval of members in general meeting pursuant to Section 269, 311 read with Schedule XIII to the Companies Act, 1956.

Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Sri Vithaldas Agarwal himself and Sri Mahender Kumar Agarwal, Joint Managing Director, being his relative, are interested in the said resolution.

Item 7: Appointment of Mr. Yash Agarwal as Chief Executive (Operations).

Considering the capacity expansion and the business activities of the Company, the management thought that the Company should appoint a qualified dynamic officer for discharging the duties of Chief Executive (Operations) in the Company. In this connection, Board of Directors appointed Mr. Yash Agarwal as Chief Executive (Operations) with effect from 27th July, 2009 for a period of three years on the terms contained in the resolution.

Mr. Yash Agarwal, aged about 21 years has done Master of Engineering (Engineering Management) from Cornell University, New York and graduated in Bachelor of Science in Industrial Engineering from Purdue University, state of Indiana, USA.

The Board considers that looking into his dynamic education background, his appointment will strengthen the management in controlling the Operations of the Company in a focused and efficient manner.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similarly placed

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executives in the Company as well as in the Industry.

As per the provisions of Section 314(1)(b) of the Companies Act, 1956 the appointment of a Relative of a Director drawing a monthly remuneration of Rs.10,000/- or more shall not be made except with the approval of shareholders by a special resolution passed at the General Meeting of the Company. Board of Directors recommends the resolution for your approval.

The Directors Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing Director, being relatives are considered

to be interested in the proposed resolution. The other Directors are not concerned or interested in the proposed resolution.

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

Place : Secunderabad
Date : 6th June, 2009

Vithaldas Agarwal
Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Annual Accounts of your Company for the financial year ended 31st March 2009.

Financial results

The performance of your Company during the year ended 31st March 2009 has been briefed below:

	(Rs. in Lakhs)	
	2008-09	2007-08
Gross Sales	15,840	17,569
Net Sales	15,840	17,245
Profit before Interest, Depreciation and Tax	1371	1638
Extraordinary item	76	279
Interest	527	523
Depreciation	498	536
Profit Before Tax	270	300
Less: Provision for Tax for the year	32	75
Fringe Benefit Tax	5	6
Provision for the earlier years	(38)	-
Deferred Tax Liability	119	214
Profit After Tax	152	5
Add: Profit brought forward from last year	78	349
Amount available for appropriation	230	354
Appropriations:		
1. Transfer to		
(a) Gratuity for earlier years	-	48
(b) Suryaamba as per scheme of de-merger	-	228
(c) General Reserve	10	-
(d) Dividend on Preference Shares	44	-
(e) Dividend distribution tax	7	-
Balance Carried forward to Balance Sheet	169	78

Operations:

The gross turnover of your Company for 2008-09 was Rs. 15,840 lakhs (Rs. 17,569 lakhs in the previous year). The production during the year was 151.95 Lakh kgs. of yarn (177.38 Lakh kgs. in the previous year). Ramtek unit operations for the first quarter of 2007-08 (Net Sales – Rs. 2144 lakhs, PBT – Rs 7 Lakhs and production quantity 22.00 lakh kgs) are included in the previous year, Company is able to maintain production, turnover at the level of previous year.

Your Company has earned a Profit Before Tax of Rs.270 Lakhs for 2008-09 (Rs.300 Lakhs in the previous year). The Company earned a profit after tax of Rs.152 Lakhs (Rs.5 Lakhs in the previous year). The extraordinary expenditure of Rs.76 lakhs (previous year Rs.279 lakhs) represents MTM loss on derivatives structures, which have knocked in as per to the ICAI directive. During the year 2008-09, the textile industry was under pressure in all quarters. The prices of Raw material touched high in the first and second quarters due to sharp appreciation of the dollar against rupee and the rise in prices of raw material not fully absorbed by the market. Global recession impacted the export market and thus resulted in excessive supply into the domestic markets. The trend seems to take coming years to reverse.

Capital expenditure

During the year under review, your Company has incurred Rs. 303.08 Lakhs towards capital expenditure, and the old cars disposed worth of Rs. 26 Lakhs.

Exports

The export turnover of your Company during the year 2008-09 was Rs.2393.97 lakhs against the previous year export turnover of Rs. 8023.63 Lakhs. Global recession resulted to negative growth in export turnover. Your Company has been exporting yarn to various countries like Turkey, Italy, Taiwan, Iran, Brazil, USA, and Argentina and continues to explore new markets to improve the performance.

Future outlook

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

Allotment of shares as per scheme of de-merger and arrangement:

As per Scheme, Company as well as Suryaamba Spinning Mills Limited have made allotment of equity shares on 22nd May, 2008 to all the members who were holding equity shares of the company on the record date i.e. 30th April, 2008 fixed for the purpose. Both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have credited to the demat account of the members holding equity shares in electronic mode. The Equity shares of the Company got re-listed and commenced its trading on 12th September, 2008.

The Equity Shares of Suryaamba Spinning Mills Limited have secured the listing permission and trading of Equity Shares was pending due to approval from the Securities and Exchange Board of India.

Dividend

The Company's financial performance is affected badly due to the prevailing market conditions and resulted in lower profits. Therefore, keeping in view the current year profits and the trends in the market it is thought to be prudent to skip the dividend on equity shares for the year.

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 2007-08 and 2008-09. The Dividend will absorb a sum of Rs. 21,84,676/- for the financial year 2007-08 and Rs. 21,61,429/- for the financial year 2008-09. The dividend tax will be Rs. 7,38,621/-. An amount of Rs. 10,00,000/- is proposed to be transferred to General Reserve Account for the year.

Redemption / issue of Preference Shares

During the year, your Company has redeemed 45,871; 12% Cumulative Redeemable Preference Shares (Series III) of Rs. 100/- each.

The original period of redemption of existing Cumulative Redeemable Preference Shares are extended to 12 years. This was done to improve the Capital Gearing ratio of the Company.

The promoters have converted their unsecured deposits into 7% Cumulative Redeemable Preference Shares of Rs. 100/-. During the year the Company has issued a total 5,58,871, 7% Cumulative Redeemable Preference Shares to Promoters and their Associates, redeemable after 3 years & 12 years.

Deposits

During the year under review, the Company has made the pre-mature repayment of all the unsecured deposits after complying with the applicable rules. There were no overdue deposits as on 31st March 2009.

Directors

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company Sri K. Lakshmikanth Reddy and Sri R.S. Agarwal, Directors of the Company, retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for re-appointment.

Sri Veerender Kumar Agarwal has resigned from the office of Director with effect from 4th December 2008.

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 2009 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) That your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the

state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That your Directors has prepared the accounts for the financial year ended 31st March 2009 on a going concern' basis.

Auditors

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

Auditors have made the following observation on the Annual Accounts of the Company:

“Company has not provided for the contingent loss on the Derivative Transactions”.

Reply by the Board:

As per the clarification given by the Institute of Chartered Accountants of India, early compliance to AS32 is recommended and advised corporates to state the policy on the MTM losses in the Balance Sheet.

Accordingly, the Company has provided for the derivative losses to the extent of the structures which have knocked in. No provision is made for structures with protection and time to maturity, as the liability may not arise on these transactions. However, disclosure is made for the MTM loss on them as a contingent liability.

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.

Acknowledgements

The Board of Directors places on record its gratitude to IDBI Limited, State Bank of India, Axis Bank Limited, 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

Vithaldas Agarwal Mahender Kumar Agarwal
Managing Director Joint Managing Director

Place : Secunderabad
Date : 6th June, 2009

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, 2009.

A. Conservation of energy

- (a) Energy conservation measures taken:

Synchronized Maintenance schedules, installed Horizon series screw Compressor, conducted regular energy audits and taken immediate steps to curtail power consumption.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy – Nil

- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have reduced the cost of production.

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

FORM – A

Form for disclosure of particulars with respect to conservation of energy

	2008-09	2007-08
I. Power & Fuel consumption		
1. ELECTRICITY		
a) Purchased Unit (No.)	3,95,57,237	4,35,03,470
Total Amount (Rs.)	11,46,62,639	13,34,11,911
Rate/Unit (Rs.)	2.90	3.07
b) Own Generation		
i) Through Generator Unit (No.)	NIL	NIL
Unit per Ltr. of Oil (No.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
ii) Through Steam turbine/Generator	not used	not used
2. COAL (Specify quality and where used)	not used	not used
3. FURNACE OIL	not used	not used
4. OTHERS/INTERNAL GENERATORS	not used	not used
II. Consumption per Unit of Production (Kg)		
Electricity (No. Of Units)	2.60	2.45
Furnace Oil	not used	not used
Coal	not used	not used
Others	not used	not used

B. Technology absorption:

Efforts made in technology absorption as per Form B:

FORM – B

Form for disclosure of particulars with respect to absorption

A. Research and Development (R&D)

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

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

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

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. |
| a) Technology imported | : | Nil |
| b) Year of Import | : | Not applicable |
| c) Has Technology been fully absorbed | : | Not applicable |
| d) If not fully absorbed, area where this has not taken place reasons therefor and future plans of action. | : | Not applicable |

B. Foreign exchange earnings and outgo

- | | | |
|--|---|--|
| a) 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. |
|--|---|--|


SURYALATA SPINNING MILLS LIMITED

b) Total foreign exchange used and earned:	2008-09	(Rs. in Lakhs) 2007-08
(i) Foreign Exchange earned		
FOB Value of Exports	19.52	130.04
(ii) Foreign Exchange Used		
Import of Capital Goods	20.59	28.95
Foreign Travel	3.48	0.72
Commission on export sales	Nil	1.52
Raw materials	Nil	Nil
Spares	53.07	26.85

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

Place : Secunderabad
Date : 6th June, 2009

Vithaldas Agarwal
Managing Director

Mahender Kumar Agarwal
Joint Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

ORGANISATION – PROFILE

Suryalata Spinning Mills Limited is one of the largest producers of Yarn. We are basically into manufacturing of Synthetic blended yarns of Polyester / Viscose, 100% Polyester and 100% Viscose with counts ranging from 20s to 45s. Currently the Company has two manufacturing units with a total capacity of 59,328 spindles. One unit is located at Kalwakurthy which is ISO certified, where as the second unit is located at Urkondapet which is in the process of ISO certification. The unit at Kalwakurthy has an installed capacity of 36,288 spindles with a production capacity of 30 MTs per day. The second plant (Urkondapet) has an installed capacity of 23,040 spindles with a production capacity of 20 MT's per day. This unit started commercial production in the year 2006-2007. We are planning to expand the capacity of Urkondapet Unit by increasing its capacity by 14,112 Spindles. With this increase the total spindles at Urkondapet will be 37,152 Spindles and the total spindles of the Company for both the units will be 73,440 spindles.

INDUSTRY STRUCTURE AND DEVELOPMENT

Textile industry is a \$49 billion industry in India and constitutes about 4% of GDP. The Indian Textile and Clothing (T & C) exports contribute around 12% to Indian Foreign Exchange earnings. During the year 2008-09, T & C exports have shown a flat growth on account of economic slowdown in major T & C export markets. This was effected by a host of factors both internal and external during the year. On the domestic front, widening of the gap between demand and supply in power, peak increase in prices of raw materials, fluctuation in exchange rates followed by the tightening / loosening of money supply in the domestic market by RBI, etc. In addition to this, economic slowdown in the US followed by Europe pushing down the purchase baskets in

the developed countries. Due to high inflation rate for most of the period of the year, there were reduced demand for textile items coupled with increased number of cancellations of export orders, reduction in export quantities, extension of delivery periods and reduced prices because of fluctuations in forex rates, etc. All these factors had affected the operations of the textile & clothing industry drastically.

FUTURE OUTLOOK - BRIGHTER PROSPECTS FOR INDIAN TEXTILE EXPORTS

The economy is showing sign of recovery. Major markets for Indian Textile and Clothing (T & C) export are the USA and Europe and they are showing sign of recovery. The domestic market has shown some signs of healthy growth because of the fact that few manufacturing facilities operating abroad are slowing down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. If the quality and productivity levels are achieved as per international parameters, then the industry will be able to combat and face the recession. Also, it was expected that the new government will take adequate steps to provide relief to the textile industry. The major markets for India Textile and Clothing exports are the USA and Europe. We need to diversify T & C exports and seek new opportunities in the new markets like Gulf Cooperation Countries (GCC) namely Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and UAE, Africa, Latin America, Russia and Oceania to withstand competition from our neighboring countries.

SWOT Analysis:

Strengths: our strengths are,

- Experienced management team with exposure in textile industry to run the operations
- Emphasis on quality of product nurtured across the company

- The company has established strong presence in the market for several years
- The business model is simple & needs minimum marketing requirement

Weaknesses

- There is disadvantage in the form of increased power tariff, fuel cost, etc.
- The company strongly implements corporate governance practices in the organization.
- Higher debt / equity ratio indicates low leverage.

Opportunities

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

Threats

- Threat of cheap Chinese import of yarn in Indian as well as global market.
- Raw materials constitute a significant percentage of the Company's total expenses. However, this is common for any spinning unit.
- The Company faces significant competition in its principal markets. A slowdown in economic growth in India could cause the Company's business to suffer.
- The market is highly competitive and is highly price sensitive.

RISKS AND CONCERNS

The Indian economy has been growing consistently and consumer spending has been increasing over the last three years. In 2008-09 however, inflation has increased rapidly and is now at record levels. 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. Further removal of quota regime has resulted in global competition and every country has to become cost competitive.

We suffer on account of poor infrastructure, high transaction cost, not so favourable labour laws, increased power tariff and fuel cost, uncertainty in the government policies, etc., Structural weaknesses need to be addressed particularly in the wake of growing threat from China and other countries. The industry needs to make focussed efforts to replace with advanced technology equipment to improve quality of product, to reduce cost of conversion and to make a clear analysis of its manpower requirements and participate in designing the training programmes. The appreciation in rupee value could also be turned into an advantage by using the opportunity to modernise quickly by acquiring the necessary ingredients.

According to the experts in the industry, better quality standards, upgradation of technology in the Indian Textile sector coupled with branding as a tool could help gaining a larger share of the global exports in the post quota regime.

OUTLOOK

The value of total textile exports in terms of both rupees and dollar terms has shown an increasing trend than the corresponding last year. However, the decline was sharp in US \$ terms as against rupee terms. As per the quick estimates released by Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, for the month of February 2009 there was a decline of 13.77% in case of cotton yarn, fabrics in rupee terms. Imports have increased across all segments. So, the Company needs to take steps to increase its export as compared to increased imports during the last year.

Suryalata has advantages that enable it to leverage these opportunities. With its expansion plans on track, the company has the capabilities to service large volume needs of international and domestic customers at the right time. The end-to-end value chain enables Suryalata to offer competitive prices, since input costs are minimized. The Company has well laid distribution channels to reach its target market.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company's internal control systems are regularly checked by both external and internal auditors, who have access to all records and information about our Company. 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 gross turnover of your Company for 2008-09 was Rs. 15,840 lakhs (Rs. 17,569 lakhs in the previous year). The production during the year was 151.95 Lakh kgs. of yarn (177.38 Lakh kgs. in the previous year). Ramtek unit operations for the first quarter of 2007-08 (Net Sales – Rs. 2144 lakhs, PBT – Rs 7 Lakhs and production quantity 22.00 lakh kgs) are included in the previous year, Company is able to maintain production, turnover at the level of previous year.

Your Company has earned a Profit Before Tax of Rs. 270 Lakhs for 2008-09 (Rs. 300 Lakhs in the previous year). The Company earned a profit after tax of Rs.152 Lakhs (Rs.5 Lakhs in the previous year). The extraordinary expenditure of Rs. 76 lakhs (previous year Rs.279 lakhs) represents MTM loss on derivatives structures, which have knocked in as per to the ICAI directive. During the year 2008-09, the textile industry was under pressure in all quarters. The prices of Raw material touches high in the first and second quarters due to sharp appreciation of the dollar against rupee and the rise in prices of raw material not fully absorbed by the market. Global recession impacted the export market and thus resulted in excessive supply into the domestic markets. The trend seems to take coming years to reverse.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Human Capital is the most valuable resource of an organization. Development of human capital has always been the thrust area of the Company. The success of any business lies under the qualified, trained & motivated Human Resources. The Company gives more importance to the development of Human Resources than any other resources. The Company updates its HR policy in line with the changing system in the industry as a whole the Company takes adequate steps for maintaining safety and healthy environment for the workers. The Industrial relations continue to be cordial, through out the year. Your Directors place on record their sincere appreciation for the excellent team work with which the workers and the staff of the Company at all levels contribute for the better performance of the Company.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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.

To succeed, we believe, it requires the highest standards of corporate behavior towards everyone we work with, the communities we touch, and the environment on which we have an impact. This is our road sustainable, profitable growth and creating long-term value for our shareholders, our people, and out

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

Composition, category of Directors and attendance record for the year 2008-09 :

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

Constitution of the Board and participation of Directors at meetings of the Board during the year 2008-09.

Name of the Director	Category	Board Meetings Attended	Attendance at last AGM held on 18.09.2008
Sri R. Surender Reddy	Non-Executive Independent	4	Present
Sri K. Srinivas Reddy	Non-Executive Independent	5	Present
Sri K. Lakshmikanth Reddy	Non-Executive Independent	5	Present
Sri R S Agarwal	Non-Executive Independent	5	Present
Sri Vithaldas Agarwal	Executive/Promoter	5	Present
Sri Mahender Kumar Agarwal	Executive/Promoter	5	Present
Sri Veerender Kumar Agarwal*	Non-Executive/Promoter	0	Absent

* Sri Veerender Kumar Agarwal, has resigned from the office of Director w.e.f. 4th December, 2008.

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

Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
Sri R. Surender Reddy	9	7	4
Sri K. Srinivas Reddy	3	None	3
Sri K. Lakshmikanth Reddy	None	None	None
Sri R. S. Agarwal	10	6	3
Sri Vithaldas Agarwal	2	None	None
Sri Mahender Kumar Agarwal	None	None	None
Sri Veerender Kumar Agarwal	None	None	None

Number of Board meetings held and their dates:

Five Board meetings were held during the year on the following dates:

25.06.2008, 29.07.2008, 31.10.2008, 30.01.2009 and 06.03.2009.

RE-APPOINTMENT OF RETIRING DIRECTORS:

In accordance with the Articles of Association of the Company Sri K. Lakshmikanth Reddy and Sri R.S. Agarwal, Directors of the Company, will retire at the twenty sixth Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Shri Vithaldas Agarwal has been reappointed as a Managing Director for a further period of five years w.e.f. From 1st July, 2009 in the Board Meeting held on 6th June, 2009 subject to confirmation of the approval of the members of the Company, in its 26th Annual General Meeting.

Brief Resume of Directors seeking re-appointment
Sri K. Lakshmikanth Reddy (67)

Sri K. Lakshmikanth Reddy aged about 67 years is on the Board of the Company since May 2000 he is an Advocate by Profession and has done 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 of Andhra Pradesh. He is not holding Directorships in any other Company.

Sri R.S. Agarwal (66)

Sri R.S. Agarwal aged about 66 years is on the Board of the Company since January, 2004. He is a Chemical Engineer by profession and has been with Industrial Development Bank of India for nearly three decades and has retired as an Executive Director in 2002. He has extensive experience and wide knowledge in the field of Project Finance.

Names of Companies in which he is a Director

1. Deccan Cements Limited
2. Madras Cements Limited.
3. Ramco Industries Limited
4. NRC Limited

5. Unimarse India Limited
6. Elegant Marbles & Grane Industries Limited
7. Ramco Systems Limited
8. Suryalakshmi Cotton Mills Limited
9. Videocon Industries Limited
10. GVK Jaipur Expressway Limited

Sri Vithaldas Agarwal (69)

Sri Vithaldas Agarwal aged about 69 years has rich experience in Spinning Industry, to handle the purchase of Inputs, Marketing of products, customer's relation and in administration and has very good past record of Management of the Company. He is a promoter of the Company since 1989.

Name(s) of Companies in which he is a Director

1. Suryaamba Spinning Mills Limited
2. Suryavanshi Finance & Investments Pvt. Ltd.

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 292A of the Companies Act, 1956, the Board of Directors of the Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors:

1.	Sri R Surender Reddy	Chairman
2.	Sri K Srinivas Reddy	Member
3.	Sri R S Agarwal	Member

c) Meetings and Attendance during the year:

During the year 2008-09, four Audit Committee meetings were held on 25.06.2008, 29.07.2008, 31.10.2008 and 30.01.2009. The attendance of each member of the Committee is given below:

1.	Sri R Surender Reddy	3
2.	Sri K Srinivas Reddy	4
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.

b) Composition and Chairperson:

1.	Sri K Srinivas Reddy	Chairman
2.	Sri R S Agarwal	Member
3.	Sri K Lakshmikanth Reddy	Member

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

c) Attendance during the year:

No meeting has been held during the Financial Year .

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 2008-09 is given below:

Sri Vithaldas Agarwal - Managing Director			
Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
11,40,000	5,70,000	-	17,10,000

Sri Mahender Kumar Agarwal – Joint Managing Director			
Salary (Rs.)	Perquisites (Rs.)	Contribution to provident fund (Rs.)	Total (Rs.)
9,60,000	5,50,960	1,15,200	16,26,160

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions mentioned in the respective resolutions passed by the shareholders of the Company in general meetings, which do not provide for severance fees.

A detail of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee meetings during the financial year 2008-09 is given below:

Sl. No.	Name of the Director	Sitting Fees paid (Rs.)
1.	Sri R Surender Reddy	16,000
2.	Sri K Srinivas Reddy	22,000
3.	Sri K Lakshmikanth Reddy	10,000
4.	Sri R S Agarwal	18,000

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE
a) Composition and brief terms of reference:

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

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

b) Name and designation of the Compliance Officer:

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

c) Number of Shareholders complaints received so far:

Complaints received by the Company have been replied to the satisfaction of the shareholders during the year-ended 31.03.2009. There were a total number of 6 complaints received from the shareholders during the first quarter of the financial year, i.e. (01.04.2008 to 30.06.2008). There was no complaint pending as on 31.03.2009.

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

Nil

e) Number of pending share transfers:

Nil

6. GENERAL BODY MEETINGS
a) Location, date and time for last three Annual General meetings are:

Financial year	Date	Venue	Time
2007-08	18.09.2008	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad -500016	10.00 A.M.
2006-07	26.09.2007	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026	10.30 A.M.
2005-06	08.09.2006	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad-500 026	11:00 A.M.

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

Nil

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

Financial year	Date	Venue	Time
2008-09	06.03.2009	Kamat Lingapur Hotel, 1-10-44/2, Chikoti gardens, Begumpet, Hyderabad – 500 016.	10.30 A.M.

- b) Whether special resolutions were put through postal ballot last year, details of voting pattern:
NO
- c) Person who conducted the postal ballot exercise
NOT APPLICABLE
- d) Whether any resolutions are proposed to be conducted through postal ballot.
NO
- e) Procedure for Postal Ballot
NOT APPLICABLE

7. DISCLOSURES

- a) CEO and CFO Certificate

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

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

There were no materially significant related party transactions having potential conflict with the interests of the company at large. Transactions with related parties are disclosed in note No.25 of Notes on Accounts under Schedule 22.

- 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

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 Financial Express (English Daily, Hyderabad and Mumbai) and Andhra Prabha (Telugu Daily).

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

The company does not have any website and it is in the process of installing the website. The results are posted on the Securities and Exchange Board of India (SEBI) Website i.e., www.sebiedifar.nic.in.

- 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.

GENERAL SHAREHOLDER INFORMATION
a) Annual General Meeting

Date : 14th September, 2009
 Time : 10.00 A.M
 Venue : Kamat Lingapur Hotel, 1-10-44/2,
 Chikoti Gardens, Begumpet, Hyderabad - 500 016

- b) Financial Calendar : 1st April to 31st March
 c) Date of Book closure : 10.09.2009 to 14.09.2009 (Both days inclusive)
 d) Dividend Payment Date : N.A.
 e) Listing on Stock Exchanges

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

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

The listing fees for the year 2008-09 have 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, CRISIL index, etc.

BOMBAY STOCK EXCHANGE LIMITED, MUMBAI SHARE PRICE (Rs.)

MONTH	HIGH	LOW
April, 2008	35.00	26.85
May, 2008	-	-
June, 2008	-	-
July, 2008	-	-
August, 2008	-	-
September, 2008	60.65	14.35
October, 2008	14.91	12.00
November, 2008	14.80	10.05
December, 2008	11.79	9.27
January, 2009	13.65	10.33
February, 2009	11.27	9.41
March, 2009	10.99	8.23

Pursuant to Demerger, the trading in Equity Shares of the Company was suspended from 23rd April, 2008 to 11th September, 2008 to facilitate issue of fresh equity shares of the Company. The trading in Equity Shares of the Company was permitted for trading on the Exchange with effect from Friday, 12th September, 2008 vide Notice no. 20080910-14 dated 10th September, 2008.

g) **Registrar & Transfer Agents:**

M/s. Sathguru Management Consultants Private Limited
 Plot No.15, Hindi Nagar, Panjagutta, Hyderabad- 500 034.
 Phone No. 040-23356975/23356507/23350586
 Fax No.040-40040544
 E-Mail: sta@sathguru.com

h) **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 Registrar and Share Transfer Agent is Sathguru Management Consultants Private Limited, Hyderabad, who look after shares transfers and other related works.

The Company ensures that all transfers are effected within a period of one month from the date of their lodgment with the Company.

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

(i) **Distribution of Shareholding:**

(i) Shareholding pattern as on 31st March 2009

Sl. No	Category	No. of Shares held	Percentage of shareholding
1.	Promoters	2001149	61.26
2.	Mutual Funds and UTI	156	0.00
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	1305	0.04
4.	Private Corporate Bodies	117661	3.6
5.	Indian Public	1137139	34.81
6.	NRIs/OCBs	9590	0.29
	TOTAL	3267000	100

(ii) Distribution of Shareholding as on 31st March 2009

No. of Equity shares held	Share / Debenture Holders		Share / Debenture	
	Numbers	% to	Number	% of
1 - 500	3358	89.98	4180930	12.80
501 - 1000	193	5.17	1363540	4.17
1001 - 2000	98	2.63	1401870	4.29
2001 - 3000	27	0.72	688350	2.11
3001 - 4000	10	0.27	360330	1.10
4001 - 5000	12	0.32	550430	1.68
5001 - 10000	12	0.32	875800	2.68
10001 and above	22	0.59	23248750	71.16
TOTAL	3732	100.00	32670000	100.00
Physical mode	935	25.05	123367	3.78
Demat mode	2797	74.95	31436330	96.22

j) Dematerialization of Shares & Liquidity:

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

As on 31.03.2009, 3143633 Equity shares were dematerialized representing 96.22% of the total paid up equity share capital of the Company. The ISIN allotted to the company's scrip is INE132CO1027. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.

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

Nil

l) Plant Locations:

- | | |
|--|---|
| i) Marchala Village
Kalwakurthy Mandal
Mahabubnagar District
Andhra Pradesh
Pin: 509 320 | ii) Urukondapet
Kalwakurthy-Mahabubnagar Road
Mahabubnagar District
Andhra Pradesh
Pin: 509 320 |
|--|---|

m) Address for Correspondence:

- i) For transfer/dematerialisation of shares, change of address of members and other queries relating to the shares of the company:
M/s. Sathguru Management Consultants Private Limited
Plot No.15, Hindi Nagar, Panjagutta, Hyderabad-500 034.
Phone No. 23350586/23356507.
Fax No.040-40040554. Email:sta@sathguru.com

- ii) Any queries relating to dividend, annual reports etc.,
The Compliance Officer,
Suryalata Spinning Mills Limited
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad - 500 003. Andhra Pradesh.
Phone No.040-27774200, 27819908/9
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.

NON-MANDATORY REQUIREMENTS

a) **Chairman of the Board**

A Non-Executive Chairman heads the Board of Directors of the Company.

b) **Remuneration Committee**

The Board has constituted a Remuneration Committee consisting of the following three Non-Executive and Independent Directors:

1.	Sri K Srinivas Reddy	Chairman
2.	Sri K Lakshmikanth Reddy	Member
3.	Sri R S Agarwal	Member

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

c) **Shareholder Rights**

As the quarterly, half yearly and annual results are published in leading newspapers having wide circulation; the same are not sent to individual shareholders of the Company.

d) **Postal Ballot**

The Company had no occasion to place a resolution requiring Postal Ballot for shareholders' approval.

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

Place : Secunderabad
Date : 6th June, 2009

Vithaldas Agarwal
Managing Director

Mahender Kumar Agarwal
Joint Managing Director

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

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

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2009 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place : Secunderabad
Date : 6th June, 2009

Vithaldas Agarwal
Managing Director

K Nageswara Rao
General Manager (Finance)

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYALATA SPINNING MILLS LIMITED** for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

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

We state that in respect of Investor grievances received during the year ended 31st March, 2009, 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

Place : Hyderabad
Date : 6th June, 2009

K.S. RAO
Partner
Membership No. 15850

AUDITORS' REPORT

To
The Members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD.

We have audited the attached Balance Sheet of **SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, (A.P)** as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

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

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

2. i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

v) On the basis of the written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, subject to Note No.23 in Notes to Balance Sheet, the contingent loss on account of Derivative Transactions of Rs.40 Lakhs is not provided in the books of account. If the same was considered the profit and reserves would have been lower to that extent, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- b) in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

K.S. RAO

Partner

Place : Hyderabad

Date : 6th June, 2009 Membership No.15850

Re: SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) The plant and machinery disposed off during the year by the company is not substantial and hence, it has not affected the going concern status of the Company.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- b) In view of our comment in paragraph 3(a) above, III(b),(c)&(d) of the aforesaid order are not applicable to the company.
- c) During the year, the company had taken unsecured loans from 5 parties covered in the register maintained under section 301 of the companies Act 1956 and the maximum amount involved during the year was Rs.173.16 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, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- c) According to the records of the company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows.

Nature of disputed dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax	0.70	Asst. year 2004-05	Commissioner of Income-tax (Appeals), Hyderabad
-do-	50.20	Asst. year 2005-06	-do-
-do-	7.61	Asst. year 2006-07	-do-

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 or companies covered in the register maintained u/s.301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. During the year, the Company has not issued any debentures and therefore the question of creating security 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.

K.S. RAO
Partner

Place : Hyderabad
Date : 6th June, 2009 Membership No.15850

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule Reference	Rs.	As at 31.03.2009 Rs.	Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS:					
Share Holders Funds:					
Share Capital	1	10,63,18,400		5,50,18,400	
Reserves & Surplus	2	<u>9,59,00,158</u>	20,22,18,558	<u>8,57,70,422</u>	14,07,88,822
Loan Funds:					
Secured Loans	3	64,01,71,886		66,67,91,447	
Unsecured Loans	4	<u>14,45,11,474</u>	78,46,83,360	<u>17,28,94,165</u>	83,96,85,612
Deferred Tax Liability			<u>7,89,65,210</u>		<u>6,69,90,192</u>
Total			<u>1,06,58,67,128</u>		<u>1,04,74,64,626</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	5	1,05,69,59,150		1,02,92,91,957	
Less: Depreciation		<u>29,43,18,665</u>		<u>24,55,18,926</u>	
Net Block		<u>76,26,40,485</u>		<u>78,37,73,031</u>	
Add: Capital Work-in-Progress		<u>33,13,530</u>	76,59,54,015	<u>37,52,514</u>	78,75,25,545
Investments	6		79,900		79,900
Current Assets,					
Loans & Advances:					
Inventories	7	8,39,57,993		15,05,11,535	
Sundry Debtors	8	19,05,47,082		12,89,72,022	
Cash and Bank Balances	9	32,07,280		1,10,49,279	
Loans and Advances	10	<u>7,63,65,490</u>		<u>8,77,29,785</u>	
		<u>35,40,77,845</u>		<u>37,82,62,621</u>	
Less: Current Liabilities &					
Provisions	11	<u>5,42,44,632</u>	29,98,33,213	<u>11,84,03,440</u>	25,98,59,181
Total			<u>1,06,58,67,128</u>		<u>1,04,74,64,626</u>
Notes on Accounts	22				
Accounting Policies	23				

The Schedules referred to above form part of the Balance Sheet

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

for and on behalf of the Board

K.S. RAO
Partner

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 6th June, 2009

MAHENDER KUMAR AGARWAL
Joint Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule Reference	Current Year Rs.	Previous Year Rs.
INCOME			
Sales	12	1,58,40,54,061	1,75,69,13,413
Less: Excise duty		21,085	3,24,30,747
Net Sales		1,58,40,32,976	1,72,44,82,666
Other Income	13	20,28,836	29,40,361
Total		1,58,60,61,812	1,72,74,23,027
EXPENDITURE			
Raw material Consumed	14	1,05,28,71,506	1,24,58,36,272
Stores Consumed	15	4,08,92,173	5,27,26,650
Power & Fuel	16	11,46,62,639	13,34,11,911
Payments & Benefits to Employees	17	8,62,61,247	9,40,75,940
Other expenses	18	9,53,14,481	11,67,74,501
Finance charges	19	5,66,19,709	5,35,31,667
Managerial Remuneration		33,36,160	46,41,274
Depreciation		4,97,90,693	5,36,38,518
(Increase)/Decrease in Stocks	20	5,93,57,251	-5,73,06,420
Total		1,55,91,05,859	1,69,73,30,313
		2,69,55,953	3,00,92,714
Less : Prior Period Adjustments	21	-66,210	1,25,060
Profit for the year		2,70,22,163	2,99,67,654
Less : Provision for Taxation			
- For the year		32,00,000	75,00,000
- Deferred tax		1,19,75,018	2,13,98,510
- Fringe Benefit tax		4,60,000	6,00,000
Add : - Excess Prov. of Income tax		38,27,317	
Profit after Tax		1,52,14,462	4,69,144
Add : Profit brought forward from last year		78,27,022	3,49,22,459
Less : Provision for Gratuity of previous years		-	47,39,222
Less : Amount trfd. to Suryaamba as per scheme of Demerger		-	2,28,25,359
Amount available for appropriation		2,30,41,484	78,27,022
APPROPRIATIONS			
Proposed Dividend:			
Preference shares		43,46,105	-
Corporate Dividend Tax		7,38,621	-
General Reserve		10,00,000	-
Balance Carried to Balance Sheet		1,69,56,758	78,27,022
Total		2,30,41,484	78,27,022
Earnings per share (face value Rs.10/- each)		3.10	0.14
Notes on Accounts	22		
Accounting Policies	23		

The Schedules referred to above form part of the Profit and Loss Account

As per our report of even date for and on behalf of the Board
for **BRAHMAYYA & CO.**,
Chartered Accountants

K.S. RAO
Partner

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 6th June, 2009

MAHENDER KUMAR AGARWAL
Joint Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 1		
SHARE CAPITAL:		
Authorised		
50,00,000 (1,00,00,000) Equity Shares of Rs.10/- each	5,00,00,000	10,00,00,000
12,00,000 (7,00,000) Preference Shares of Rs.100/- each	12,00,00,000	7,00,00,000
	<u>17,00,00,000</u>	<u>17,00,00,000</u>
Issued, Subscribed and Paid up		
32,67,000 (32,67,000) Equity Shares of Rs.10/- each fully paid up	3,26,70,000	3,26,70,000
35,535 (81,406) 12% Cumulative Redeemable Preference Shares of Rs.100/- each (Series IV)	35,53,500	81,40,600
42,078 (42,078) 8% Cumulative Redeemable Preference Shares of Rs.100/- each (Series-VII)	42,07,800	42,07,800
1,00,000 (1,00,000) 8% Cumulative Redeemable Preference Shares of Rs.100/- each (Series-VIII)	1,00,00,000	1,00,00,000
5,58,871 (NIL) 7% Cumulative Redeemable Preference Shares of Rs.100/- each (Series-IX)	5,58,87,100	-
	<u>10,63,18,400</u>	<u>5,50,18,400</u>
Note : Of the above, 10,89,000 equity shares of Rs. 10/- each are allotted as fully paid up by way of Bonus shares by Capitalisation of Reserves		
SCHEDULE 2		
RESERVES & SURPLUS :		
RESERVES :		
Capital Reserves:		
Capital redemption reserve	4,25,00,000	4,25,00,000
Securities Premium	1,68,20,000	1,68,20,000
Subsidy	15,00,000	15,00,000
Preference Share Redemption Reserve	1,71,23,400	1,71,23,400
Other Reserves :		
General Reserve	10,00,000	-
SURPLUS :		
Profit & Loss Account	1,69,56,758	78,27,022
	<u>9,59,00,158</u>	<u>8,57,70,422</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 3		
SECURED LOANS :		
A) RUPEE TERM LOANS :		
1) Industrial Development Bank of India :		
a) Term Loan - 3 (KKY)	–	2,06,84,000
b) Term Loan - 4 (KKY)	5,23,07,690	5,49,23,075
c) Term Loan - 5 (URKP)	30,39,88,860	30,39,88,860
d) Term Loan - 5 Addl. (URKP)	3,00,00,000	3,00,00,000
2) State Bank of India (KKY)	3,33,92,858	3,94,64,286
3) UCO Bank Term Loan - 2	–	1,00,34,988
4) AXIS Bank Limited :		
a) Corporate Loan - 1	8,33,331	58,33,333
b) Corporate Loan - 2	50,00,000	1,16,66,667
c) Corporate Loan - 3	2,43,05,556	–
5) Yes Bank Limited :		
Medium Term Loan	63,48,234	–
	<u>45,61,76,529</u>	<u>47,65,95,209</u>
B) WORKING CAPITAL LOANS :		
1) State Bank of India	15,85,47,268	13,81,12,855
2) AXIS Bank Limited	2,41,98,608	4,97,48,534
	<u>18,27,45,876</u>	<u>18,78,61,389</u>
C) VEHICLE HIRE PURCHASE LOANS :		
	12,49,481	23,34,849
(A+B+C)	<u>64,01,71,886</u>	<u>66,67,91,447</u>

Notes :

- Loans referred in A(1), (2) are secured by pari passu first charge on all movable and immovable properties of the Company present and future excluding certain specific assets charged exclusively to AXIS Bank Ltd. and UCO Bank and charges created /to be created in favour of Bankers for their working capital facility. The loans further secured by personal guarantees of two promoter Directors of the company.

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
2. Loans referred in A(3), (4) are secured by hypothecation of specified plant and machinery acquired under the schemes and second charges on the present and future movable and immovable properties of the Company on pari passu basis. The loans are further secured by personal guarantees of two promoter directors of the company in their individual capacity.		
3. Medium Term loan referred to in A(5) are secured by personal guarantees of two promoter Directors of the Company.		
4. Working Capital loans from bank referred to in B 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.		
5. Vehicle loans referred to C above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.		

SCHEDULE 4
UNSECURED LOANS :

From Bodies Corporate	1,00,17,689	2,41,72,131
From Directors	27,96,699	1,25,80,000
Interest free Sales Tax loan	12,34,37,086	11,23,59,354
Deposits	<u>82,60,000</u>	<u>2,37,82,680</u>
	<u>14,45,11,474</u>	<u>17,28,94,165</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

**SCHEDULE - 5
FIXED ASSETS**

Description	Gross Block				Depreciation			Net Block		
	As at 1.04.2008 Rs.	Additions Rs.	Deductions Rs.	Upto 31.03.09 Rs.	Up to 1.04.2008 Rs.	For the Year Rs.	Deductions Rs.	Upto 31.03.09 Rs.	As at 31.03.09 Rs.	As at 31.03.08 Rs.
	Land	30,77,568	-	-	30,77,568	-	-	-	-	30,77,568
Factory Buildings	14,60,81,008	19,06,414	-	14,79,87,422	1,71,78,154	49,15,730	-	2,20,93,884	12,58,93,538	12,89,02,854
Non Factory Buildings	5,44,37,789	1,02,16,607	-	6,46,54,396	44,21,916	9,68,511	-	53,90,427	5,92,63,969	5,00,15,873
Plant & Machinery	74,72,76,350	87,25,298	-	75,60,01,648	20,09,33,078	3,91,45,305	-	24,00,78,383	51,59,23,265	54,63,43,272
Testing Equipment	43,14,134	32,21,883	-	75,36,017	15,99,722	3,45,802	-	19,45,524	55,90,493	27,14,412
Electrical Installations	4,93,05,640	86,461	-	4,93,92,101	1,11,87,733	26,06,270	-	1,37,94,004	3,55,98,098	3,81,17,907
Data Processing Equipment	49,71,785	4,56,848	-	54,28,633	38,50,761	3,73,110	-	42,23,871	12,04,762	11,21,024
Workshop Equipment	28,80,544	-	4,52,245	24,28,299	3,28,873	1,31,530	41,845	4,18,558	20,09,740	25,51,670
Weighing Machinery	12,46,990	-	-	12,46,990	5,20,247	59,232	-	5,79,479	6,67,511	7,26,743
Water Works	8,96,165	-	-	8,96,165	1,68,614	14,608	-	1,83,222	7,12,943	7,27,551
Furniture & Fixture	23,92,968	19,21,544	-	43,14,512	16,99,437	1,40,710	-	18,40,147	24,74,366	6,93,532
Office Equipment	24,29,743	14,29,964	-	38,59,706	7,61,616	1,40,585	-	9,02,201	29,57,505	16,68,127
Vehicles	99,81,273	23,43,441	21,89,021	1,01,35,693	28,68,775	9,49,300	9,49,109	28,68,966	72,66,727	71,12,498
	1,02,92,91,956	3,03,08,460	26,41,266	1,05,69,59,150	24,55,18,926	4,97,90,693	9,90,954	29,43,18,665	76,26,40,485	78,37,73,030
Add: Capital work in Progress	37,52,514	13,56,445	17,95,429	33,13,530	-	-	-	-	33,13,530	37,52,514
Total	1,03,30,44,470	3,16,64,905	44,36,695	1,06,02,72,680	24,55,18,926	4,97,90,693	9,90,954	29,43,18,665	76,59,54,015	78,75,25,544
Previous Year	1,35,34,77,016	5,66,37,017	*37,70,69,561	1,03,30,44,471	31,81,51,500	5,36,38,518	*12,62,71,092	24,55,18,926	78,75,25,545	1,03,53,25,516

Note : *Transfer of assets as per scheme of demerger are included in the deductions of previous year.

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 6		
INVESTMENTS : (Long term, at cost)		
Unquoted - Non traded		
National Saving Certificate (Pledged with Sales Tax Department)	1,000	1,000
Long term - Quoted -Traded		
a) 3,300 Equity Shares in AXIS Bank Ltd of Rs.10/- each	69,300	69,300
b) 800 Equity Shares in UCO Bank Ltd. of Rs.10/- each	9,600	9,600
(Aggregate Market Value of Quoted investments Rs.13,87,050/-, Previous Year Rs.26,06,380/-)		
	<u>79,900</u>	<u>79,900</u>
SCHEDULE 7		
INVENTORIES :		
(As certified by the management)		
Raw Materials (including Stock in Transit)	4,73,72,642	5,41,41,110
Stores & Spares	1,25,95,071	1,30,22,893
Yarn	1,10,82,142	6,66,46,336
Stocks-in-process	1,28,84,296	1,65,99,847
Waste (at realisable value)	23,842	1,01,349
	<u>8,39,57,993</u>	<u>15,05,11,535</u>
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured and considered good)		
Due over six months	3,43,519	35,000
Others	19,02,03,563	12,89,37,022
	<u>19,05,47,082</u>	<u>12,89,72,022</u>
SCHEDULE 9		
CASH AND BANK BALANCES :		
Cash on Hand	4,12,306	10,36,730
With Scheduled Banks		
In Current Accounts	8,96,067	82,81,327
In Deposit Accounts	18,97,907	17,30,222
With Post Office Savings Bank		
(Pledged with Central Excise Department)	1,000	1,000
	<u>32,07,280</u>	<u>1,10,49,279</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 10		
LOANS AND ADVANCES :		
(Unsecured, considered good recoverable in Cash or in kind or for value to be received)		
Advances for Suppliers & Expenses	11,30,735	25,69,359
Advances for Capital Works	81,56,282	91,75,496
Advances to Staff & Workers	9,74,736	11,23,708
Incentives/ Rebates receivable	1,28,26,780	1,20,32,600
Other Advances	2,77,86,436	4,29,37,352
Accrued Interest	1,02,428	24,000
Deposits Recoverable	2,03,74,702	1,69,05,777
Prepaid Expenses	31,51,832	15,11,874
Tax Deducted at Source	18,61,559	14,49,619
	<u>7,63,65,490</u>	<u>8,77,29,785</u>
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
Sundry Creditors for Raw materials & stores		
- Due to Micro, Small and Medium Enterprises	51,61,790	53,51,742
- Others	41,14,100	3,53,55,744
Sundry Creditors for Capital Goods	46,00,828	33,08,565
Sundry Creditors for Expenses	2,99,31,170	5,38,54,494
Sundry Creditors for Other Finance	31,31,732	50,72,047
Investors' Education and protection fund		
Unclaimed dividends *	5,40,685	4,97,815
Advances received against sales	2,51,562	63,73,657
PROVISIONS :		
For : Income tax (net)	14,24,857	79,66,218
Fringe Benefit Tax (net)	3,182	6,23,158
Preference Dividend	43,46,105	-
Corporate Dividend Tax	7,38,621	-
	<u>5,42,44,632</u>	<u>11,84,03,440</u>

* There is no amount due and/or outstanding to be credited to investor education and protection fund.

SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year Rs.	Previous Year Rs.
SCHEDULE 12		
SALES :		
Yarn	1,58,10,46,682	1,75,35,66,380
Waste	29,91,871	32,23,712
Scrap Sales	15,508	1,23,321
	<u>1,58,40,54,061</u>	<u>1,75,69,13,413</u>
SCHEDULE 13		
OTHER INCOME		
Interest earned (TDS Rs.3,28,114)	15,42,617	17,62,378
Dividend Received	20,600	14,850
Miscellaneous Income	1,18,050	1,18,405
Credit Balances written back	1,45,082	24,509
Export Incentives Received	2,02,487	10,20,219
	<u>20,28,836</u>	<u>29,40,361</u>
SCHEDULE 14		
RAW MATERIAL CONSUMED		
Opening Stock	5,41,41,110	4,68,20,638
Add: Purchases	1,04,04,65,672	1,28,83,16,977
	1,09,46,06,782	1,33,51,37,615
Less: Closing Stock	4,17,35,276	5,41,41,110
Less: Transferred to and vested in M/s Suryaamba Spinning Mills Ltd as per scheme of arrangement	-	3,51,60,233
	<u>1,05,28,71,506</u>	<u>1,24,58,36,272</u>
SCHEDULE 15		
STORES CONSUMED		
Consumable Stores	2,07,21,360	2,12,12,128
Packing Material consumed	2,01,70,813	3,15,14,522
	<u>4,08,92,173</u>	<u>5,27,26,650</u>
SCHEDULE 16		
POWER AND FUEL		
Electricity Charges	11,46,62,639	13,34,11,911
	<u>11,46,62,639</u>	<u>13,34,11,911</u>
SCHEDULE 17		
PAYMENTS & BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	7,08,69,750	7,80,62,510
Contribution to Provident & other funds	72,33,447	84,66,713
Welfare Expenses	54,06,655	51,79,920
Gratuity	27,51,395	23,66,797
	<u>8,62,61,247</u>	<u>9,40,75,940</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year Rs.	Previous Year Rs.
SCHEDULE 18		
OTHER EXPENSES		
Rent	4,800	77,000
Rates and Taxes	7,98,393	8,23,434
Sales Tax	2,79,19,946	2,91,73,666
Printing and Stationery	5,60,863	5,29,986
Postage, telegrams and telephones	11,30,520	13,35,062
Travelling and Conveyance	52,82,323	44,60,100
Commission on Sales	9,50,985	7,06,911
Selling Expenses	2,08,17,318	1,51,33,595
Insurance	15,64,428	31,34,012
Directors sitting fees	66,000	58,000
Auditors Remuneration	1,70,965	2,13,446
Cost Auditors Fees	26,531	13,469
Repairs to:		
Buildings	11,79,738	10,04,848
Machinery	1,06,87,221	1,49,40,811
Others	2,16,395	3,65,977
Professional charges	11,18,393	6,55,264
Vehicle Maintenance	20,92,431	19,24,226
Office Maintenance	89,83,927	85,95,862
Miscellaneous expenses	35,32,255	43,74,398
Loss on Derivatives	75,82,910	2,78,85,246
Loss on sale of assets	4,49,912	1,47,405
Donations	1,78,227	1,71,623
Demerge Expenses	-	10,50,160
	<u>9,53,14,481</u>	<u>11,67,74,501</u>
SCHEDULE 19		
FINANCE CHARGES		
Interest on term loans	2,77,91,681	3,25,58,839
Bank charges	39,51,478	11,96,502
Interest on others	2,48,76,550	1,97,76,326
	<u>5,66,19,709</u>	<u>5,35,31,667</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year Rs.	Previous Year Rs.
SCHEDULE 20		
INCREASE / DECREASE IN STOCKS		
OPENING STOCK		
Yarn	6,66,46,336	1,52,97,017
Stock in process	1,65,99,847	1,77,50,044
Waste	<u>1,01,349</u>	<u>57,235</u>
(A)	<u>8,33,47,532</u>	<u>3,31,04,296</u>
CLOSING STOCK		
Yarn	1,10,82,142	6,66,46,336
Stock in process	1,28,84,297	1,65,99,847
Waste	<u>23,842</u>	<u>1,01,349</u>
	<u>2,39,90,281</u>	<u>8,33,47,532</u>
Transferred to and vested in M/s Suryaamba Spinning Mills Ltd as per scheme of arrangement	<u>—</u>	<u>70,63,184</u>
(B)	<u>2,39,90,281</u>	<u>9,04,10,716</u>
(Increase) / Decrease in Stocks (A-B)	<u>5,93,57,251</u>	<u>-5,73,06,420</u>
SCHEDULE 21		
PRIOR PERIOD ADJUSTMENT :		
Expenditure relating to the previous year:		
Service tax paid	—	1,25,060
Income relating to earlier years :		
Discount on purchases	<u>-66,210</u>	<u>—</u>
	<u>-66,210</u>	<u>1,25,060</u>

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE-22
**NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-09		2007-08	
	Rs.		Rs.	
1 Contingent Liabilities not provided for on account of :				
a) Bank Guarantee		Rs 33.02 lakhs		Rs 33.02 lakhs
b) Derivative structures under European knock in		Rs 40 lakhs		Rs. 350 lakhs
2 Licensed/Registered Capacity :				
a) No. of Spindles		90,080		90,080
b) No. of Rotors		1,699		1,699
3 Installed Capacity:				
a) No. of Spindles		59,328		59,328
The figures have been certified by the Management and not verified by the auditors being a technical matter.				
	2008-09		2007-08	
	Kgs.	Rs.	Kgs.	Rs.
4 Production & Sales:				
a) Production:	1,51,95,497		1,77,38,515	
b) Sales:				
Yarn	1,57,62,998	1,58,10,46,682	1,70,81,698	1,75,35,66,380
Waste	3,12,838	29,91,871	3,70,795	32,23,712
Scrap	–	15,508	–	1,23,321
Total		<u>158,40,54,061</u>		<u>1,75,69,13,413</u>
5 Opening & Closing Stocks:				
a) Opening Stocks:				
Yarn	6,98,916	6,66,46,336	1,54,287	1,52,97,017
Stock In Process	2,11,929	1,65,99,847	2,39,317	1,77,50,044
Waste	13,338	1,01,349	9,918	57,235
Total		<u>8,33,47,532</u>		<u>3,31,04,296</u>
b) Closing Stocks:				
Yarn	1,31,415	1,10,82,142	6,98,916	6,66,46,336
Stock In Process	1,82,273	1,28,84,297	2,11,929	1,65,99,847
Waste	1,969	23,842	13,338	1,01,349
Total		<u>2,39,90,281</u>		<u>8,33,47,531</u>
6 Stocks of Raw Materials:				
a) Opening Stocks:				
Polyester Staple Fibre	4,88,568	3,06,69,950	5,93,639	3,77,32,452
Viscose Staple Fibre	2,00,618	2,34,71,160	90,687	90,88,186
Total	<u>6,89,185</u>	<u>5,41,41,110</u>	<u>6,84,326</u>	<u>4,68,20,638</u>
b) Closing Stocks:				
Polyester Staple Fibre	5,56,657	3,29,93,539	4,88,568	3,06,69,950
Viscose Staple Fibre	86,481	87,41,737	2,00,618	2,34,71,160
Material in Transit	96,112	56,37,366	–	–
Total	<u>7,39,250</u>	<u>4,73,72,642</u>	<u>6,89,185</u>	<u>5,41,41,110</u>


SURYALATA SPINNING MILLS LIMITED
SCHEDULE 22 (contd.)

	2008-09		2007-08	
	Kgs.	Rs.	Kgs.	Rs.
7 Purchase of Raw Materials :				
Polyester Staple Fibre	1,41,77,254	90,28,22,559	1,59,75,126	98,65,88,386
Viscose Staple Fibre	13,34,441	14,32,80,479	27,33,763	30,17,28,591
Total	<u>1,55,11,695</u>	<u>1,04,61,03,038</u>	<u>1,87,08,889</u>	<u>1,28,83,16,977</u>
8 Sale of raw material :				
Polyester Staple Fibre	–	–	–	–
Viscose Staple Fibre	–	–	–	–
9 Raw materials consumed :				
Polyester Staple Fibre	1,40,13,053	89,48,61,604	1,55,86,915	96,25,32,020
Viscose Staple Fibre	14,48,578	15,80,09,902	25,82,782	28,33,04,252
Total	<u>1,54,61,763</u>	<u>1,05,28,71,506</u>	<u>1,81,69,697</u>	<u>1,24,58,36,272</u>
10 a) Percentage of Raw Material Consumed :				
Indigenous	100.00%	1,05,28,71,506	100.00%	1,24,58,36,272
Imported	0.00%	–	0.00%	–
	100.00%	1,05,28,71,506	100.00%	1,24,58,36,272
b) Spare parts & components consumed :				
Indigenous	86.22%	1,78,65,546	86.54%	1,83,56,314
Imported	13.78%	28,55,814	13.46%	28,55,814
	100.00%	2,07,21,360	100.00%	2,12,12,128
11 Auditors' Remuneration :				
As Auditors		82,725		84,270
As Tax Auditors		16,545		16,854
Tax Representation Fee		–		66,254
Certification fees		71,695		46,068
Total		<u>1,70,965</u>		<u>2,13,446</u>
12 Cost Auditors' Fees		26,531		13,469
13 Managerial Remuneration :				
a) Managing Director :				
Salary		11,40,000		11,40,000
Perquisites		5,70,000		5,70,000
Commission		–		–
		<u>17,10,000</u>		<u>17,10,000</u>
b) Joint Managing Director :				
Salary		9,60,000		9,60,000
Perquisites		5,50,960		5,50,960
Commission		–		–
Contribution to Provident Fund		1,15,200		1,15,200
		<u>16,26,160</u>		<u>16,26,160</u>


SURYALATA SPINNING MILLS LIMITED
SCHEDULE 22 (contd.)

	2008-09 Rs.	2007-08 Rs.
c) Executive Director :		
Salary	–	7,70,000
Perquisites	–	4,42,714
Commission	–	–
Contribution to Provident Fund	–	92,400
	<u>–</u>	<u>13,05,114</u>
Total (a+b+c)	<u>33,36,160</u>	<u>46,41,274</u>
14 Computation of profits in accordance with Section 198 of the Companies Act, 1956		
Profit for the year before taxation as per profit and loss account	2,70,22,163	2,99,67,654
Add: Managerial remuneration	33,36,160	46,41,274
Loss on sale of assets	4,49,912	1,47,405
Net Profit in accordance with Section 198 of the Companies Act, 1956	<u>3,08,08,235</u>	<u>3,47,56,333</u>
Maximum remuneration to whole time directors-10% :	30,80,824	34,75,633
Maximum commission @ 1% of Net Profit to each of the Working Director	–	–
Restricted 50% of salary	–	–
Note : Minimum remuneration paid to the Directors.		
15 DEFERRED TAXATION :		
Deferred Tax Assets		
Employee benefits	13,14,485	19,99,987
(A)	<u>13,14,485</u>	<u>19,99,987</u>
Deferred Tax Liabilities		
Depreciation Differences	8,02,79,695	6,89,90,179
(B)	<u>8,02,79,695</u>	<u>6,89,90,179</u>
Deferred Tax Liability (Net) (B-A)	7,89,65,210	6,69,90,192
16 Earnings Per Share (EPS)		
Profit after tax and extra ordinary items	1,52,14,463	4,69,144
Less : Preference dividend provided	43,46,105	–
Corporate Dividend Tax	7,38,621	–
Profit attributable to Equity Shareholders	1,01,29,737	4,69,144
No of Equity shares (Face value Rs.10/- each)	32,67,000	32,67,000
Weighted average No. of Shares*	32,67,000	32,67,000
Earnings Per Share (EPS)	3.10	0.14

SCHEDULE 22 (contd.)

	2008-09 Rs.	2007-08 Rs.
17 a) Earnings in Foreign Exchange		
FOB Value of Exports	19,52,153	1,30,03,899
b) Value of Imports on C.I.F basis in respect of		
Raw Materials	-	-
Spares	53,07,124	26,85,120
Capital Goods	20,59,634	28,94,522
c) Expenditure in foreign currency on account of		
i. Foreign Travel	3,48,463	71,535
ii. Commission	-	1,51,712

18 The Company has opted for exempted route under Excise rules w.e.f 31st July, 07. Accordingly, the CENVAT benefit not availed from the said date.

19 Employee benefit plans:

Effective from 01.04.2007, the Company had adopted the revised Accounting Standard 15, "Employee Benefit". Because of the defined contribution plans the Gratuity and leave encashment liability upto 31st March, 07 has gone up by Rs. 47,39,222/- and it has been adjusted against reserves and surplus in the year 2007-08.

20 Interest paid, payable or accrued and due to Micro and Small Enterprises is Nil

21 Details of Non convertible cumulative redeemable preference shares are as under:

Nature	Series	Amount Rs.	Date of issue	Date of Redemption
12% CRPSs of Rs.100/- each	IV	35,53,500	21.10.2003	20.10.2013
8% CRPSs of Rs.100/- each	VII	42,07,800	30.10.2004	29.10.2014
8% CRPSs of Rs.100/- each	VIII	1,00,00,000	31.01.2007	31.01.2017
7% CRPSs of Rs.100/- each	IX	50,00,000	06.03.2009	05.03.2012
7% CRPSs of Rs.100/- each	IX	5,08,87,100	06.03.2009	05.03.2021
Total		7,26,48,400		

22 Interest free Sales tax loan from Andhra Pradesh State Government amounting to Rs. 12,34,37,086/- is repayable as under

Date of Payment	Loan I	Loan II	Total
01.04.2012	47,06,648	-	47,06,648
01.04.2013	40,92,785	-	40,92,785
01.04.2014	84,31,590	-	84,31,590
01.04.2015	39,17,337	26,77,586	65,94,923
01.04.2016	84,39,395	59,08,885	1,43,48,280
01.04.2017	74,71,267	36,75,859	1,11,47,126
01.04.2018	52,03,793	38,81,283	90,85,076
01.04.2019	30,93,840	55,93,716	86,87,556
01.04.2020	71,28,376	1,05,28,760	1,76,57,136
01.04.2021	64,29,637	98,62,687	1,62,92,324
01.04.2022	18,37,560	94,78,350	1,13,15,910
01.04.2023	29,10,175	81,67,558	1,10,77,733
Total	6,36,62,403	5,97,74,683	12,34,37,086

SCHEDULE 22 (contd.)
23 Derivatives :

Outstanding as at Balance sheet date:

Particulars	Currency	Amount in Foreign Currency		Purpose
		as on 31.03.09	as on 31.03.08	
Principal only Swap	USD	2.43 Mio	7.63 Mio	Cost reduction

The above contracts are for hedging purpose not for speculation.

Out of the above derivative transactions, structures which are knocked in, the MTM loss has been provided for. While for structures with European knock in protection, the MTM loss amounting to Rs 40 lakhs considered as contingent liability. Had the above amount is treated in profit and loss account, the profit and reserves would have been lower to this extent.

24 The Company's operations predominantly comprise of only one reportable product segment i.e., Yarn as per Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

25 Disclosure in respect of related parties pursuant to Accounting Standard 18:

List of related parties with whom the transactions have taken place and relationships:

Sl. No.	Name of the party	Relationship
1	Sri Vithaldas Agarwal	Key Management personnel
2	Sri Mahender Kumar Agarwal	Key Management personnel
3	Relatives of Key Management Personnel	Others
4	Suryaamba Spinning Mills Limited	Others

During the year following transactions were carried out with related party in the ordinary course of business.

Sl. No.	Nature of transaction	2008-09		2007-08	
		Key Management		Key Management	
		Personnel	Others	Personnel	Others
1	Preference shares issued	2,11,11,300	1,72,75,800	Nil	Nil
2	Loans Accepted	Nil	Nil	54,00,000	2,26,61,295
3	Loans Repaid	Nil	1,36,47,000	8,00,000	Nil
4	Deposits Accepted	1,06,82,210	66,34,470	Nil	36,75,000
5	Deposits Repaid	2,04,65,511	2,36,57,150	Nil	1,00,000
6	Interest paid	16,51,464	13,81,503	30,22,168	6,58,800
7	Managerial remuneration	33,36,160	Nil	46,41,274	Nil
8	Rent paid	Nil	Nil	Nil	77,000

26 Previous Year's figures have been regrouped wherever necessary.

27 Paise have been rounded off to the nearest rupee.

28 Additional information pursuant to provisions of Part IV of Schedule VI of the Companies Act, 1956 is furnished in Annexure - "A".

SCHEDULE-23
SIGNIFICANT ACCOUNTING POLICIES
ACCOUNTING CONVENTION:

The Financial statements are prepared based on historical cost convention.

FIXED ASSETS:

Tangible Fixed Assets are stated at cost net of depreciation as provided in the statements. Expenditure during construction period including interest on borrowings for new major projects are capitalised 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, on the basis of continuous process plant.

INVENTORIES:

Inventories are valued at the lower of cost and net realisable value. The Raw Materials and Stores and Spares are computed by using FIFO method.

INVESTMENTS:

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

DERIVATIVE INSTRUMENTS:

The company uses derivative financial instruments such as Principal only swaps for the purposes of cost reduction. In case of loss, the transactions having protection are taken as contingent liability and where protection is knocked in has been written off to profit and loss account.

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 recognised as income or expense.

CONTINGENT LIABILITIES:

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

RETIREMENT BENEFITS :

Company's contribution to Provident fund determined under the relevant statute and 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.

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.

SALES:

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

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

for and on behalf of the Board

K.S. RAO
Partner

VITHALDAS AGARWAL
Managing Director

K NAGESWARA RAO
General Manager (Finance)

Place : Secunderabad
Date : 6th June, 2009

MAHENDER KUMAR AGARWAL
Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating activities				
Net Profit before tax		2,70,22,163		2,99,67,654
Add: Depreciation	4,97,90,693		5,36,38,518	
Finance Charges (excluding Bank charges)	5,26,68,231		5,23,35,165	
Loss on sale of Assets (net)	4,49,912		1,47,405	
		<u>10,29,08,836</u>		<u>10,61,21,088</u>
		12,99,30,999		13,60,88,742
Less : Interest received	15,42,617		17,62,378	
Dividend received	20,600		14,850	
Credit balances written back	1,45,082		24,509	
Direct Taxes paid	66,67,339	83,75,638	1,74,02,228	1,92,03,965
Operating Profit before working capital charges		<u>12,15,55,361</u>		<u>11,68,84,777</u>
Add : Decrease/(Increase)				
in Inventories	6,65,53,542		(10,12,38,451)	
Decrease/(Increase) in Receivables	(6,15,75,060)		(70,57,720)	
Decrease/(Increase) in Loans and Advances	1,17,76,234		1,12,88,766	
Increase/(Decrease) in Current Liabilities	(6,22,65,335)	(4,55,10,619)	7,55,91,024	(2,14,16,381)
Net Cash inflow from Operating activity		<u>7,60,44,742</u>		<u>9,54,68,396</u>
B CASHFLOW FROM INVESTING ACTIVITIES				
OUTFLOW:				
Acquisition of fixed assets including Capital Work in Progress		(2,98,69,475)		(4,68,48,282)
Increase in share issue expenditure		-		-
Investments		-		-
INFLOW:				
Sale of Assets	7,90,000		3,62,276	
Interest Received	15,42,617		21,21,798	
Dividend received	20,600		14,850	
		<u>23,53,217</u>		<u>24,98,924</u>
Net Cash Outflow from Investing activity		<u>(2,75,16,258)</u>		<u>(4,43,49,358)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
C CASH FLOW FROM FINANCING ACTIVITIES				
INFLOW:				
Preference Share Capital	5,13,00,000		–	
Term Loans Received	3,20,45,000		77,65,279	
Hire Purchase Loans Received	–		17,98,554	
Unsecured Loans received	4,98,94,412		4,33,52,205	
Increase/(decrease) in Bank Borrowings	(51,15,513)		4,71,66,616	
	<u>12,81,23,899</u>		<u>10,00,82,654</u>	
OUTFLOW:				
Redemption of Preference Share Capital	–		–	
Repayment of Term loans	5,24,63,680		6,93,64,772	
Dividend Paid	–		1,59,21,540	
Repayment of Hire Purchase loans	10,85,368		14,53,495	
Repayment of Unsecured loans	7,82,77,103		12,00,000	
Interest Paid	5,26,68,231		5,05,76,331	
	<u>18,44,94,382</u>		<u>13,85,16,138</u>	
Net Cash outflow from financing activities		<u>(5,63,70,483)</u>		<u>(3,84,33,484)</u>
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)		(78,41,999)		1,26,85,554
Add: Cash/Cash equivalents at the beginning of the year		1,10,49,279		38,55,201
Less: Transferred to M/s Suryaamba Spinning Mills Ltd.		–		7,52,254
Less: Transfer to Gratuity provision belonging to earlier years pursuant to revised AS15		–		47,39,222
Cash/Cash equivalents at the close of the year		<u>32,07,280</u>		<u>1,10,49,279</u>

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

K.S. RAO
Partner

Place : Secunderabad
Date : 6th June, 2009

for and on behalf of the Board

VITHALDAS AGARWAL
Managing Director

MAHENDER KUMAR AGARWAL
Joint Managing Director

K NAGESWARA RAO
General Manager (Finance)

**ANNEXURE- "A" forming part of Schedule 22
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS AT 31ST MARCH, 2009**

I. Registration details

 Registration No.

L	1	8	1	0	A	P	1	9	8	3	P	L	C	0	0	3	9	6	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State code

0	1
---	---

 Balance sheet date

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

II. Capital raised during the year (Amount in Rs. thousands)

Public issue

			N	I	L
--	--	--	---	---	---

Rights issue

			N	I	L
--	--	--	---	---	---

Bonus issue

			N	I	L
--	--	--	---	---	---

Private placement

	5	1	3	0	0
--	---	---	---	---	---

III. Position of mobilisation and deployment of funds (Amount in Rs.thousands)

Total liabilities

1	0	6	5	8	6	7
---	---	---	---	---	---	---

Total assets

1	0	6	5	8	6	7
---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up capital

Equity Share Capital

	3	2	6	7	0
--	---	---	---	---	---

Reserves and surplus

	9	5	9	0	0
--	---	---	---	---	---

Preference Share Capital

	7	3	6	4	8
--	---	---	---	---	---

Secured loans

6	4	0	1	7	2
---	---	---	---	---	---

Deferred Tax Liability

	7	8	9	6	5
--	---	---	---	---	---

Unsecured loans

1	4	4	5	1	1
---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

	7	6	5	9	5	4
--	---	---	---	---	---	---

Investments

				8	0
--	--	--	--	---	---

Net current assets

2	9	9	8	3	3
---	---	---	---	---	---

Accumulated Losses

			N	I	L
--	--	--	---	---	---

Misc. expenditure

			N	I	L
--	--	--	---	---	---

IV. Performance of Company (Amount in Rs.thousands)

Net Turnover & other income

1	5	8	6	0	6	2
---	---	---	---	---	---	---

Total expenditure

1	5	5	9	0	4	0
---	---	---	---	---	---	---

Profit Before Tax

	2	7	0	2	2
--	---	---	---	---	---

Profit after tax

	1	5	2	1	4
--	---	---	---	---	---

Earning per share in Rs.

		3	.	1	0
--	--	---	---	---	---

Equity Dividend rate %

			N	I	L
--	--	--	---	---	---

V. Generic names of three principal products/services of Company (As per monetary terms)

Item Code No.(ITC Code)

	5	5	0	9	0	2
--	---	---	---	---	---	---

Product Description

P	O	L	Y	E	S	T	E	R		Y	A	R	N
---	---	---	---	---	---	---	---	---	--	---	---	---	---

	5	5	0	9	0	1
--	---	---	---	---	---	---

V	I	S	C	O	S	E		Y	A	R	N
---	---	---	---	---	---	---	--	---	---	---	---

	5	5	0	9	0	7
--	---	---	---	---	---	---

P		V		Y	A	R	N
---	--	---	--	---	---	---	---



PROXY FORM

S SURYALATA SPINNING MILLS LIMITED

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

Regd. Folio No :
*DPID No :

No. of Shares held :
*Client ID No :

I/We _____ of _____ being a Member/Members of Suryalata Spinning Mills Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us and on my behalf at the 26th Annual General Meeting to be held on Monday, the 14th September, 2009 at 10:00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500016 or at any adjournment thereof.

Signed this _____ day of _____ 2009.

* Applicable for investors holding shares in electronic form.

Note: (1) The Proxy need not be a member of the company.

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

Affix a Re. 1.00 Revenue Stamp and Sign across

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



ATTENDANCE SLIP

S SURYALATA SPINNING MILLS LIMITED

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

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

Regd. Folio No :
*DPID No :

No. of Shares held :
*Client ID No :

NAME AND ADDRESS OF THE SHAREHOLDER / PROXY

I/We hereby record my / our presence at the 26th Annual General Meeting to be held on Monday, the 14th September, 2009 at 10.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500016.

Signature of the Shareholder or Proxy : _____

* Applicable for investors holding shares in electronic form.

Members are requested to bring their copy of the Annual Report to the meeting.



