



SURYAAMBA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri R. Surender Reddy
Sri Virender Kumar Agarwal
Smt. Seema Rani Agarwal
Sri Mayank Agarwal
Sri Vithaldas Agarwal
Sri Ravinder Kumar Agarwal
Sri Pundlik Sampatrao Thakare
Sri Sanjiv A. Agrawal

Chairman
Managing Director
Joint Managing Director
Whole-time Director
Director
Director
Director
Director

MANAGER (FINANCE)

Sri Nitin B. Halbe

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,
Irrummanzil Colony,
Hyderabad – 500 082.

REGISTRAR & TRANSFER AGENTS

M/s. Sathguru Management Consultants Pvt.Ltd.,
Plot No.15, Hindi Nagar,
Panjagutta,
Hyderabad – 500 034.

BANKERS

State Bank of India
Industrial Finance Branch,
Hyderabad.

Axis Bank Limited
Begumpet Branch,
Hyderabad

FACTORIES

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

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NOTICE

Notice is hereby given that 3rd Annual General Meeting of the members of **M/s. Suryaamba Spinning Mills Limited** will be held on Thursday, 23rd September 2010, at 3.00 P.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad-500016 to transact the following business:

Ordinary Business:

1. Adoption of Accounts

To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2010 and Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.

2. Declaration of Preference Dividend

To declare dividends on 12% Non Convertible Cumulative Redeemable Preference Shares and 8% Non-convertible Cumulative Redeemable Preference Shares.

3. Declaration of Equity Dividend

To declare dividend on Equity Shares for the year ended 31st March 2010.

4. Re-appointment of Sri Sanjiv A Agrawal

To appoint a director in place of Sri Sanjiv A Agrawal who retires by rotation and being eligible offers himself for re-appointment.

5. Reappointment of Sri Ravinder Kumar Agarwal

To appoint a director in place of Sri Ravinder Kumar Agarwal who retires by rotation and being eligible offers himself for reappointment.

6. Appointment of Statutory Auditors

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

“RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s.

Brahmayya & Co., Chartered Accountants, Hyderabad (Registration No. 000513S) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Board of Directors may fix in this behalf”.

Special Business:

7. Increasing of Authorised Capital of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 16 & 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 7,00,00,000/- (Rupees Seven Crores Only) to Rs. 13,00,00,000/- (Rupees Thirteen Crores only) by creating fresh 6,00,000 (Six Lac only) Preference Shares of Rs. 100/- each and consequently the Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following new Clause V in place of existing Clause thereof.

- ‘V. The authorized share capital of the Company is Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 50,00,000 Equity Shares of Rs.10/- each and 800,000 Preference Shares of Rs.100/- each, whether Cumulative Redeemable, Non-cumulative Redeemable, with a power to increase, reduce, subdivide, consolidate, convert in to equity shares in accordance with the provisions of the law from time to time.”



8. Alteration of Articles of Association of the Company

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 Section 31 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) the Articles of Association of the Company be and is hereby altered by substituting the following new Article place of the existing Article 3 (a) (i) thereof:

“3 (a) (i) The authorized share capital of the Company is Rs. 13,00,00,000/- (Rupees Thirteen Crores only) divided into 50,00,000 Equity Shares of Rs.10/- each and 800,000 Preference Shares of Rs.100/- each, whether Cumulative Redeemable, Non-cumulative Redeemable, with a power to increase, reduce, subdivide, consolidate, convert in to equity shares in accordance with the provisions of the law from time to time.”

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

Place : Nagpur Virender Kumar Agarwal
Date: 02-08-2010 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. Such proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the Company not Less Than 48 Hours before the Meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business set out under item no.7 & 8 is annexed.
3. The Registers of Members and Share transfer books will remain closed from 20th September, 2010 to 23rd September, 2010 (Both Days Inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify immediately any change of address to their depository participants in respect of their holding in Electronic Form and to Company's Registrar and Transfer Agent, i.e. M/s Sathguru Management Consultant (P) Ltd; Unit: Suryaamba Spinning Mills Ltd. in respect of their Physical Folio, if any.
5. Members desiring any further information as regards the Accounts or Operations of the Company are requested to write to the Company so as to reach at least one week prior to the date of Meeting for consideration of the management to deal at the meeting.
6. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. Pursuant to the requirement of the Listing Agreement of the Stock Exchange on Corporate Governance, relating to appointment of the Directors / reappointment of the retiring Directors, a statement containing the required details of the concerned Directors forms part of the Report on Corporate Governance.



8. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.
9. Members are requested to bring their copy of annual report with them at the time of attending the Annual General Meeting.

Explanatory statement

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

Item No.7 & 8:

The present Authorised share capital of the Company is Rs. 7 Crores consisting of 50,00,000 Equity Shares of Rs. 10/- each and 2,00,000 Cumulative Redeemable Preference Shares of Rs.100. The Paid-up Equity Share Capital of the Company is Rs. 2,22,80,000/- and Preference Share Capital of the Company is Rs. 19,63,700/- . The Company, in order to meet its growth plan in the form of expansion and modernization and to meet other business requirements such as working capital, repayment of debt building capacities for existing lines of businesses, to strengthen its financial position, is required to generate long term resources by issuing securities. The Board of Directors have considered it necessary and desirable to increase the Authorised Capital of the Company as provided in the proposed resolution so that there will be scope for raising finance for the requirements of the Company by the issue of further Capital if and when considered necessary. Increase of Authorised share capital of the Company requires the approval of members pursuant to Section 16 read with Section 94 and pursuant to Section 31 of the Companies Act, 1956.

Board of Directors recommends the resolution for approval of members.

None of the Directors of the Company is, in any way concerned or interested in the above resolution except to the extent to which they may participate in the expanded capital.

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

Place : Nagpur Virender Kumar Agarwal
Date: 02-08-2010 Managing Director



DIRECTORS REPORT

To,
The Members,
Your Directors have pleasure in presenting their 3rd Annual Report on the business and operations together with Audited Annual accounts of your Company for the Financial year ended 31st March 2010.

FINANCIAL RESULTS

		(Rs. In Lakhs)	
Sl.No.	Particulars	2009-10	2008-09
1	Sales and other Income	8557.62	8649.62
2	Profit Before interest and Depreciation	486.77	454.85
3	Interest and Finance Charges	208.31	182.69
4	Depreciation	182.51	180.31
5	Profit after Interest and Depreciation	95.95	91.84
Provision for Taxation: -			
6	(a) Current Tax	58.00	56.50
7	(b) Deferred Tax	10.55	23.15
8	Balance of Profit (or Loss)	27.41	12.20
Appropriations			
9	Transfer to General Reserve	0.50	0.25
10	Dividend on Equity Share	16.71	22.28
11	Dividend on Preference Share	1.76	2.40
12	Dividend Tax	3.06	4.19
13	Preference Share Redemption Reserve	10.00	15.00
14	Surplus carried over to Balance Sheet	175.26	179.88

Operations:

During the year, your company has achieved a Total turnover of Rs. 8557.62 Lakhs (previous year is Rs.8649.62 Lakhs). The Company has earned a Profit Before Tax of Rs. 95.95 Lakhs as against Rs. 91.84 Lakhs for the previous year. During the year textile industry was recovered from the last year recession and comparatively performed well.

Exports

The export turnover (through merchant export) of your Company during the year was Nil as against Rs. 395.12 Lakhs for the previous year. During the year, the Company did not export its finished product, as the Company was able to do good sales realization in the domestic market itself.

Future Outlook

The economy is on the path of recovery and the Company expects good demand for its products in domestic as well as international markets. Major markets for Indian Textile and Clothing (T & C) export are



the USA and EU and they are showing sign of recovery. The domestic market is also on the path of healthy growth because of the fact that few manufacturing facilities operating abroad are slowing down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.

Expansion Plan

The Company is implementing expansion plan by addition of 12,096 Spindles adjacent to the existing plant premises at an estimated cost of Rs. 34 Crores. This will bring about further economy in production cost as well as substantial tax savings in future.

The Company has already applied for financial assistance to the lending institutions and the same is in the process of getting necessary sanctions and clearances from the respective authorities.

Deposits

There were no overdue deposits as on 31st March 2010.

Dividend:

Your Directors have recommended payment of dividend on Cumulative Redeemable Preference Shares as per the terms and conditions of the issue. The dividend will absorb a sum of Rs.1,75,956/-. The Corporate dividend tax will be Rs.29,224/-.

Your Directors are also pleased to recommend a dividend of 7.50 % on the Equity Share capital of the Company for the Financial Year ended 31st March 2010. The dividend will absorb a sum of Rs. 16,71,000/-. The Corporate dividend tax will be Rs.2,77,532/-.

Transfer to Reserves:

Your Company proposes to transfer Rs.0.50 akhs (Previous Year Rs.0.25 Lakhs) to General Reserve Account and Rs. 10.00 Lakhs (Previous Year Rs.15.00 Lakhs) to Preference Share Redemption Reserve Account of the Company for the year.

Capital Expenditure

During the year under review, your company has incurred Rs. 260.17 Lakhs (Previous Year Rs.86.97 Lakhs) towards capital expenditure (including capital work - in- progress).

Directors

The Directors Sri Sanjiv A. Agrawal and Sri Ravinder Kumar Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Board of Directors recommends their re-appointment.

Directors Responsibility Statement

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

- i) in the preparation of annual accounts for the year ended 31st March 2010, the applicable accounting standards have been followed and there has been no material departure.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31st March, 2010 and of the profit for the year under review.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

Corporate Social Responsibility:

As an evolved and concerned corporate citizen, Suryaamba believes that corporate social responsibility (CSR) initiatives are a way to pay back societal debts and obligations. We do not see CSR as charity; nor even as a responsibility; but as an opportunity to change and help the



society. Our CSR activities are conceived to bridge gaps in society and help transform communities around our workplace.

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

Auditors

The Board, on the recommendation of the Audit Committee, has proposed that M/s Brahmayya & Co. Chartered Accountants, Hyderabad be appointed as Statutory Auditors of the Company to hold office from the conclusion of the ensuing 3rd Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s Brahmayya & Co. Chartered Accountants, Hyderabad has forwarded their certificate to the Company, stating that their appointment, if made, will be within the limit specified in that behalf in Sub - section (1B) of Section 224 of the Companies Act 1956.

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

Auditors Qualification:

No Qualification was made by the Auditor in their report on the accounts for the period ended 31st March 2010.

Cost Auditor

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. G.R. Paliwal & Co., Nagpur, as the Cost Auditor for the financial year 2010-11, subject to the approval of Central Government.

Corporate Governance:

Corporate Governance Report, Management Discussion Analysis Report and Certificate from Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are attached to this Report and forms part of this report.

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

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

Compliance Certificate

The Compliance Certificate for the period 1st April, 2009 to 31st March, 2010, has been obtained from M/s. R & A Associates, Company Secretaries, Hyderabad, as per Section 383A of the Companies Act, 1956, and the same is attached herewith.

Employees

No employee was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975 and hence the prescribed information not required to be given.

Acknowledgment

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

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

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

Place : Nagpur
Date : 02-08-2010



Annexure -1

Annexure to Directors Report

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

Conservation of Energy

1. Energy conservation measures taken

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

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

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

FORM - A

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

(Rs. In Lakhs)

Sr. No.	Particulars	2009-10	2008-09
A	Power and Fuel Consumption		
1)	Electricity		
	a) Purchased Unit	15579330	16950660
	Total Amount (Rs. In Lakhs)	629.71	676.28
	Average Rate: (Rs./Unit)	4.04	3.99
	b) Own Generation:		
	Through Diesel Generators	Nil	Nil
	Units (In Lakhs of KWH)	Nil	Nil
	Units per liter of diesel oil	Nil	Nil
2)	Coal (Rs. In Lakhs)	Not Used	Not Used
3)	Furnace Oil	Not Used	Not Used
4)	Others	Not Used	Not Used
B	Consumption per Unit of Production		
	Electricity (Units /kg of yarn)	1.79	1.86
	Coal	Not Used	Not Used
	Furnace Oil	Not Used	Not Used
	Others	Not Used	Not Used

Technology absorption:

Efforts made in technology absorption as per form B



FORM B

Form for disclosure of particulars with respect to absorption

Research & Development (R&D)

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

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

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

Technology Absorption adaptation and innovation :

- | | |
|---|---|
| 1. Efforts in brief, made towards technology absorption and innovation | : The company has adapted indigenous technology and made innovation on the same. We have taken care of adoption of modern technology such as Auto waste collection, Auto doffing for our proposed expansion unit. |
| 2. Benefits derived as result of the above efforts | : Product improvement, increase in yield and quality has resulted from these efforts. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) Following information may be furnished | : No technology has been imported |
| a) Technology Imported | : Nil |
| b) Year Of import | : Not Applicable |
| c) Has technology been fully absorbed | : Not Applicable |
| d) If not fully absorbed, area where this has not taken place reasons therefore and future plans of actions | : Not Applicable |

Foreign Exchange Earning & Outgo:

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



SURYAAMBA SPINNING MILLS LIMITED

Total foreign exchange used & earned

	(Rs. in Lakhs)	
	2009-10	2008-09
(i) Foreign Exchange earned	Nil	Nil
FOB value of exports	Nil	Nil
(ii) Foreign Exchange used	Nil	Nil
Import of capital goods	Nil	Nil
Foreign travel	Nil	Nil
Commission on export sales	Nil	Nil
Raw Materials	Nil	Nil
Spares	16.25	14.83

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

Place: Nagpur
Date: 02-08-2010

Virender Kumar Agarwal
Managing Director

Seema Rani Agarwal
Jt. Managing Director