



BOARD OF DIRECTORS

1. Sri Virender Kumar Agarwal
2. Smt. Seema Rani Agarwal
3. Sri Mayank Agarwal
4. Sri Pundlik Sampatrao Thakare
5. Sri Sanjiv A. Agrawal

Managing Director
Joint Managing Director
Whole-time Director
Director
Director

SENIOR MANAGER (ACCOUNTS)

Sri Milind Bangre

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
Civil Lines, Branch
Nagpur.

FACTORIES

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

LISTED ON

Bombay Stock Exchange Limited, Mumbai

Book Closure Dates :

20th September, 2011 to 23rd September, 2011 (Both days inclusive)

Contents	Page Nos.
Notice	2-16
Directors' Report	17-23
Compliance Certificate	24-26
Management Discussion and Analysis	27-29
Report on Corporate Governance	30-40
Certificate by the CEO and CFO	41
Auditor's Report	42-45
Balance Sheet	46
Profit & Loss Account	47
Schedules forming part of the Accounts	48-55
Significant Accounting Policies &	
Notes on Accounts	56-64
Cash Flow Statement	65
Balance Sheet Abstract	66
ECS Mandate form	67-68
Attendance Slip and Proxy Form	71

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Please refer page no. 69 of this 4th Annual Report for details.



NOTICE

Notice is hereby given that 4th Annual General Meeting of the members of **M/s. Suryaamba Spinning Mills Limited** will be held on Friday, 23rd September 2011, at 5.00 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 2011 and Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.

2 Declaration of Dividend

To declare dividend on Equity Shares and Preference Shares of the Company for the year ended on 31st March 2011.

3 Re-appointment of Sri. Mayank Agarwal

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

4 Appointment of Statutory Auditors

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

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

duties, as the Board of Directors may fix in this behalf”.

Special Business:

5 Re-appointment of Sri. Virender Kumar Agarwal as Managing Director of the Company and to fix his remuneration.

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, 310 read with Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to confirm and ratify the re-appointment of Sri. Virender Kumar Agarwal as Managing Director of the Company for a period of three years with effect from 1st March, 2011 on following terms and remuneration:

Salary : 1,40,000/- per month.

Commission : At the rate of 2% of the net profits of the Company or 50% of the Annual Salary whichever is less.

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

Category A :

- 1. Housing :** Rent free furnished residential accommodation with all facilities and amenities including such service as gas, electricity, water, etc, or HRA to the extent of 50% of the salary.
- 2. Medical Reimbursement :** Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months salary in a period of 3 years.



3. **Leave Travel Concession :** For self and family once in a year incurred in accordance with the rules of the Company.
4. **Club Fees :** Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
5. **Personal Accident Insurance :** of an amount the premium of which not to exceed Rs. 4,000/- per month.

Category B :

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

Category C :

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

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri Virender Kumar Agarwal, Managing Director subject to the provisions of section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOVLED FURTHER THAT the necessary forms / returns as may be prescribed in this regard signed by any one Director of the Company be filed with the Registrar of Companies, Andhra Pradesh”.

- 6 **Re-appointment of Smt. Seema Rani Agarwal as Managing Director of the Company with a designation of Joint Managing Director and to fix her remuneration.**

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, 310 read with Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Smt. Seema Rani Agarwal as Joint Managing Director of the Company for a period of three years with effect from 1st October, 2011 on following terms and remuneration:

Salary : 1,20,000/- per month.

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

Perquisites : In addition to the salary and commission as stated above Smt. Seema Rani Agarwal shall be entitled to the following perquisites:

Category A :

1. **Housing :** Rent free furnished residential accommodation with all facilities and amenities including such service as gas, electricity, water, etc, or HRA to the extent of 40 % of the salary.
2. **Medical Reimbursement :** Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months salary in a period of 3 years.
3. **Leave Travel Concession :** For self and family once in a year incurred in accordance with the rules of the Company.



4. **Club Fees** : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
5. **Personal Accident Insurance**: of an amount the premium of which not to exceed Rs. 4,000/- per month.

Category B :

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

Category C :

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

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Smt. Seema Rani Agarwal, Joint Managing Director subject to the provisions of section II of Part II of Schedule XIII of the Companies Act, 1956.

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

- 7 **Revision of the remuneration of Sri. Mayank Agarwal, Whole Time Director 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 Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to revise the remuneration of Sri. Mayank Agarwal, Whole Time Director of the Company for a period of three years with effect from 1st October, 2011 on the following terms and remuneration:

Salary : 95, 000/- per month.

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

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

Category A :

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



Category B :

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

Category C :

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

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid as a minimum remuneration to Sri. Mayank Agarwal, Whole Time Director subject to the provisions of section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOVLED FURTHER THAT the necessary forms / returns as may be prescribed in this regard signed by any one Director of the Company be filed with the Registrar of Companies, Andhra Pradesh.

8 Increasing the 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. 13,00,00,000/- (Rupees Thirteen Crores Only) to Rs. 20,00,00,000/- (Rupees Twenty Crores only)

by increasing 7,00,000 (Seven Lakh only) Preference Shares of Rs. 100 each to the Authorised Share Capital of the Company.

RESOLVED FURTHER THAT the Clauses 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. 20,00,00,000/- (Rupees Twenty Crores only) divided into 50,00,000 Equity Shares of Rs.10/- each and 15,00,000 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.”

9 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. 20,00,00,000/- (Rupees Twenty Crores only) divided into 50,00,000 Equity Shares of Rs.10/- each and 15,00,000 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.



10. Further issue of Preference Shares of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 80, 81, 81(1A) and all other provisions, if any, of the Companies Act, 1956, and the enabling provisions of the Memorandum and Articles of the Association of the Company and the Listing agreement entered into by the Company with the Stock exchange where the Securities of the Company are listed and subject, wherever required, to any other approval of Financial Institutions, appropriate authorities, consent of the members be and is hereby accorded to the Board of Directors of the Company to issue Redeemable Preference Shares of Rs. 100/- each, Cumulative or Non-cumulative either at par or at premium and in such numbers as the Board may decide from time to time for a sum not exceeding Rs. 7 Crores (Rupees Seven Crores only), in one or more, tranches, and to offer such shares on a private placement basis to Financial Institutions, Banks, Mutual Funds, Bodies Corporate, Individuals, promoter (s) or to any other person (s) as the Board may deem fit whether they are holders of Equity / Preference Shares of the Company or not and on

such terms and conditions including the rate of dividend, period of redemption, etc., as the Board may in its absolute discretion decided, in the best interest of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to agree and to make such modification (s) and alteration (s) from time to time as it deems fit and to take all such steps as it may deem necessary, desirable or expedient and to resolve all questions of doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive.”

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

**Place: Nagpur
Date: 22-08-2011**

**Virender Kumar Agarwal
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.5 to 10 is annexed.
3. The Registers of Members and Share transfer books will remain closed from 20th September, 2011 to 23rd September, 2011 (Both Days Inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify immediately any change of address to their depository participants in respect of their holding in Electronic Form and to M/s 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 above mentioned transactions.
9. Members are requested to bring their copy of annual report to the Annual General Meeting.



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

Item No.5 :

The tenure of the office of Director of Sri. Virender Kumar Agarwal, Managing Director of the Company has expired on 28th February, 2011. In respect to this, Board has proposed to re-appoint him subject to approval of members in their meeting held on 27th January, 2011 for a further period of 3 Years with effect from 1st March, 2011 on the terms and conditions contained in the resolution. As per clause 49 of the Listing Agreement, the brief profile of Sri. Virender Kumar Agarwal, is stated below:

Name	: Sri Virender Kumar Agarwal
Age	: 44 years
Qualification	: BE Textiles
Expertise	: Sri Virender Kumar Agarwal is having the vast expertise of 22 years in the textile Industry. He is having hands of exposure on the Maintenance, Production, Quality Assurance an Marketing sectors.
Other Directorships	: Nil
Shareholding in the Company	: 8,91,191 Equity shares of the Company.

The re-appointment of Sri Virender Kumar 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.

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

1. Nature of industry

Suryaamba Spinning Mills Limited is one of the developing Company in the industry. Company is basically into the manufacturing of Synthetic blended yarns of Polyester/Viscose. Currently Company has one ISO certified manufacturing unit with a total capacity of 31,104 spindles. Indian textile Industry is one of the leading textile industries in the world. Textile sector in India accounts for around 8 per cent of GDP, contributes 14 per cent of the value addition in the manufacturing sector and more than 30 per cent of the export earnings of the country.

2. Date of commencement of commercial production

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

3. Financial performance :

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

Item	(Rs. in Lakhs)		
	2009-10 (12 months ended on 31 st March, 2010)	2008-09 (12 months ended on 31 st March, 2009)	2007-08 (9 months ended on 31 st March, 2008)
Income from Operations (Gross)	8556.94	8649.62	6214.66
Profit/Loss Before Interest, Depreciation & tax	486.78	456.44	294.65
Profit /Loss after Tax	27.41	12.20	8.76



SURYAAMBA SPINNING MILLS LIMITED

4. Export performance and net foreign exchange earnings

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

(Rs. in Lakhs)

Item	2009-10	2008-09	2007-08
FOB value of goods exported	Nil	Nil	Nil

5. Foreign investments or collaborators, if any.

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

II. Information about the appointee:

1. Background details

Sri Virender Kumar Agarwal has done a Degree of BE in Textiles. He is from the family with over six decades of experience in textile business. He has been associated with the Company since its inception. He is having vast experience in Textile Industry for the past 22 years. He is the promoter director of the Company. He was appointed as the Managing Director of the Company with effect from 28th February, 2008 for a period of 3 years.

2. Past remuneration

Presently he is drawing the following remuneration:

(Amount in Rs.)

Salary	Perquisites	Commission	Contribution to PF	Total
1,140,000	760,000	570,000	1,36,800	26,06,800

3. Recognition or awards

Sri. Virender Kumar Agarwal has got various awards such as Udyog Ratan Award presented by Institute of Economic studies, Indira Gandhi Sadbhawana Award, Rajiv Gandhi Shiromani Award presented by Global Economic Council.

4. Job profile and his suitability

Sri Virender Kumar Agarwal, Managing Director has been taking care of Maintenance, Production, Quality Assurance and marketing sector of the Company. Since his tenure as Managing Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations. During the period of slowdown of the Textile industry, Suryaamba Spinning Mills Limited always kept its spirit high both in words and in action due to the untiring efforts of Sri. Virender Kumar Agarwal.

5. Remuneration proposed :

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

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

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



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

Except Smt. Seema Rani Agarwal, Joint Managing Director, Sri Mayank Agarwal, Executive Director of the Company and Sri Virender Kumar Agarwal himself, none of the others have any pecuniary relationship directly or indirectly with the Company.

III. Other information :

1. Reasons for inadequate profits

The Company has significantly expanded its Textile business and the Segment has normally a long gestation period. Textile Sector is going through tough competition and has pruned gross margins due to unhealthy competition.

2. Steps taken or proposed to be taken for improvement

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

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

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

Board of Directors recommends the resolution for your approval.

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

Details stated above and as contained in resolutions under Item No.5 may be regarded as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956 and that pursuant to the provisions of Section 309 of the Companies Act, 1956, the terms of the appointment specified in the resolution is placed before the members for their approval.

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

Item No. 6 :

The existing tenure of Smt. Seema Rani Agarwal, Joint Managing Director expires on 31st December, 2011. Board has proposed to re-appoint her in their meeting held on 27th January, 2011 for a further period of 3 Years with effect from 1st October, 2011 on the terms and conditions contained in the resolution. As per clause 49 of the Listing Agreement, the brief profile of Smt. Seema Rani Agarwal, is stated below:

Name	:	Smt. Seema Rani Agarwal
Age	:	43 years
Qualification	:	Bachelor of Arts
Expertise	:	Smt. Seema Rani Agarwal is having the experience of 10 years in the textile Industry. She has having hands on managing the external affairs of the Company.
Other Directorships	:	Nil
Shareholding in the Company	:	4,27,250 Equity shares of the Company.