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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Please refer page no. 56 of this 28th Annual Report for details.

SURYALATA SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri R. Surender Reddy
Sri Vithaldas Agarwal
Sri Mahender Kumar Agarwal
Sri Yash Agarwal
Sri K. Lakshmikanth Reddy
Sri R. S. Agarwal
Sri K. R. Suresh Reddy
Sri K. K. Sinha

Chairman
Managing Director
Joint Managing Director
Executive Director (w.e.f. 24th July, 2010)
Independent Director
Independent Director
Independent Additional Director (w.e.f. 31st January, 2011)
Additional Director (w.e.f. 31st January, 2011)

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,
Irru Manzil Colony,
Hyderabad – 500 082.

REGISTRAR & TRANSFER AGENTS

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

BANKERS

State Bank of India
Industrial Finance Branch,
Hyderabad.

IDBI Bank Limited
Chennai

FACTORIES

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

Urukondapet Village,
Midjil Mandal,
Mahaboobnagar District,
Andhra Pradesh.

LISTED ON

Bombay Stock Exchange Limited, Mumbai

Book Closure Dates: 12th September, 2011 to 15th September, 2011 (Both days inclusive)

NOTICE OF THE 28TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on Thursday, 15th September, 2011 at 10.15 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, 2011 and the audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2011.
3. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2011.
4. To appoint a Director in place of Sri K. Lakshmikanth Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

"RESOLVED THAT pursuant to Section 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

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

"RESOLVED THAT Sri K. R. Suresh Reddy, who was appointed as an Additional Director of the Company with effect from 31st January, 2011 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the members of the Company under Section 260 of the Companies Act, 1956 (the Act), who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director of the company, be and is hereby appointed as an Independent Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT Sri K. K. Sinha, who was appointed as an Additional Director of the Company with effect from 31st January, 2011 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the members of the Company under Section 260 of the Companies Act, 1956 (the Act), who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director of the company, liable to retire by rotation".

"RESOLVED FURTHER THAT pursuant to the provisions of Section 314 (1) (a) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to Sri K.K. Sinha holding office / continue to hold office of Profit under the Company as Chief General Manager

SURYALATA SPINNING MILLS LIMITED

(Operations) on such terms and conditions and on such remuneration together with usual allowances and benefits, amenities and facilities, leave travel allowance, personal accident insurance, superannuation fund, retiring gratuity and provident fund benefits as per the rules of the Company, or fixed by the Board of Directors of the Company from time to time, provided that the remuneration payable to Sri K.K. Sinha shall not exceed Rs. 1.50,000/- per month.

"RESOLVED FURTHER THAT Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing

Director be and are hereby severally 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

Date : 9th August, 2011

R. Surender Reddy
Chairman

NOTES

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself / herself and such proxy need not be a member. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. Member / proxy should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **12th September, 2011 to 15th September, 2011** for the purpose of payment of dividend, if approved by the members. (Both days inclusive).
5. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Punjagutta, Hyderabad- 500 034.
6. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.
7. The Company has already transferred all unclaimed dividends declared up to the financial year ended 31st March, 2003 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.
8. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

For the Financial year	Date of declaration	Un-claimed Dividend Amount (in Rs.)	Last Date of claiming un-paid Dividend/ Due Date for transfer to IEPF Account
2003-2004	31.08.2004	1,01,672/-	07.10.2011
2004-2005	29.09.2005	1,01,913/-	04.11.2012
2005-2006	08.09.2006	1,50,787/-	14.10.2013
2006-2007	26.09.2007	1,83,747/-	01.11.2014
2007-2008	Not Applicable (As Dividend was not declared)		
2008-2009	Not Applicable (As Dividend was not declared)		
2009-2010	23.09.2010	1,18,026/-	29.09.2017

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 lie in respect thereof with the Company.

9. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors appointed/ Reappointed is given in the Corporate Governance Report.
10. 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 is annexed.
11. 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 : Appointment of Sri K. R. Suresh Reddy, as a Director of the Company

The Board of Directors appointed Sri K. R. Suresh Reddy as Additional Director of the Company with effect from 31st January, 2011 pursuant to the provisions of Section 260 of the Act and Article 94 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Sri K. R. Suresh Reddy holds office up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for re-appointment as an Independent Director. The Company has received a notice in writing pursuant to Section 257 of the Act, from Members proposing Sri K. R. Suresh Reddy candidature for the Office of Director of the Company at the forthcoming Annual General Meeting of the Company.

The Board recommends the resolution for the member's approval in the Annual General Meeting.

None of the Directors of the Company are, in any way, concerned or interested in the proposed resolution.

Item 7: Appointment of Sri K. K. Sinha, as a Director of the Company

The Board of Directors appointed Sri K. K. Sinha as Additional Director of the Company with effect from 31st January, 2011 pursuant to the provisions of Section 260 of the Act and Article 94 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Sri K. K. Sinha holds office up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for re-appointment as a Director holding office of profit in the Company. The Company has received a notice in writing pursuant to Section 257 of the Act, from a Member proposing K. K. Sinha candidature for the Office of Director of the and who shall be Non-independent Director at the forthcoming Annual General Meeting of the Company.

Further Sri K.K. Sinha was working with the Company as a Chief General Manager (Plant Operations) for more than 5 years. In view of the close association with the Company, Board of Directors co-opted him on the Board as an Additional Director w.e.f. 31st January, 2011.

SURYALATA SPINNING MILLS LIMITED

Pursuant to Section 314 (1) (a) of the Companies Act, 1956 his office as Chief General Manager (Operations) will amount to an Office of Profit under the Company requires approval of members in General Meeting by Special Resolution.

The Board recommends above resolutions the resolution for the member's approval in the Annual General Meeting.

None of the Directors of the Company are, in any way, concerned or interested in the proposed resolution.

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

Place : Secunderabad
Date : 9th August, 2011

R. Surender Reddy
Chairman

Additional Information **(As per Clause 49 of the Listing Agreement)**

As required under the Listing Agreement, the particulars of Directors who seek appointment/re-appointment are given below:

- | | | |
|-----------------------------|---|---|
| 1. Name | : | Sri K. R. Suresh Reddy |
| Age | : | 52 years |
| Qualification | : | Graduate from Nizam College, Hyderabad |
| Expertise | : | Vast Experience in managing External Affairs |
| Other Directorships | : | One (1):
M/s. Padmaja Polymers Private Limited |
| Shareholding in the Company | : | Nil |
| 2. Name | : | Sri K. K. Sinha |
| Age | : | 56 years |
| Qualification | : | 1. B. Sc. (Mathematics) from Bhagalpur University,
Bihar in 1976.
2. Diploma in Textile Technology from State Board of
Technical Education, Bihar in 1978. |
| Expertise | : | Vast Experience in Maintenance, Production,
Quality Assurance and Marketing |
| Other Directorships | : | Nil |
| Shareholding in the Company | : | Nil |

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Annual Accounts of your Company for the financial year ended 31st March, 2011.

Financial Results

The performance of your Company during the year ended 31st March, 2011 has been briefed below:

	(Rs. in Lakhs)	
	2010-11	2009-10
Gross Sales/Turnover	24,394	16,970
Net Sales/Turnover	24,392	16,969
Profit before Interest, Depreciation and Tax	4,338	2,048
Extraordinary Item	-	107
Interest	601	526
Depreciation	639	522
Profit Before Tax	3,098	893
Less: Provision for		
Tax for the year	986	220
Fringe Benefit Tax	-	1
Deferred Tax Liability	133	99
Profit After Tax	1,979	573
Add: Profit brought forward from last year	300	169
Amount available for appropriation	2,279	742
Appropriations:		
Transfer to		
(a) General Reserve	900	200
(b) Preference Shares Redemption Reserve	509	102
(c) Dividend on Equity Shares	98	65
(d) Dividend on Preference Shares	55	55
(e) Dividend distribution tax	25	20
Balance Carried forward to Balance Sheet	692	300

Operations :

The Net turnover of your Company for the Financial Year 2010 - 2011 was Rs. 24,394 Lakhs in comparison to the Rs. 16,970 Lakhs in the previous year, which is 43.75% more than the previous year. The production during the year was 182.97 Lakh kgs. of yarn (160.83 Lakh kgs. in the previous year). Company is able to maintain increase in production at 13.77% than the previous year.

Your Company has earned a Profit Before Tax of Rs. 3,098 Lakhs in comparison to Rs. 893 Lakhs in the previous year, which is 247% higher than the previous year. The Company earned a profit after tax of Rs. 1,979 Lakhs in comparison to Rs. 573 Lakhs in the previous year, which is 246% higher than the previous year.

Capital expenditure

During the year under review, your Company has incurred Rs. 1321.68 Lakhs towards capital expenditure for increase in capacities of 2,016 spindles and for TFO Division installed at Urkondapet unit.

Exports

The export turnover of your Company during the current year was Rs. 11,193 Lakhs against the previous year export turnover of Rs. 6,417 Lakhs. 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. This trend of increase in exports expecting to continue in the coming years.

Future outlook

Man-made Fiber market in India is expected see a steady growth. Increasing demand for textile namely general purpose textile, fashion wear, textile used for special purpose, along with the increasing price of textile made up of cotton is expected to drive the man-made fiber market in India.

The global production of staple and filament man-made fibers is recorded at 65.9 million metric

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tons, of which China products 45.8 million metric tons or 70 percent. India is in second place, accounting for 6.1 million metric tons, some 9 percent. And even third place is in Asian hands - namely, Pakistan.

Considering the growth in consumption of Man Made Fibre globally and rapid growth in the country, your Board has approved expansion plans at Urukondapet unit to enhance the capacities of 23,040 spindles with project cost of Rs.60.00 Crores. This project is being implemented under Restructured Technology Upgrade Fund Scheme (TUFs) announced on 28th April, 2011 by the Ministry Textiles, Government of India.

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

Dividends

The Company has reported excellent results and profits during the year under review. Therefore, keeping in view the current year expansion and availability of profits. Board of Directors recommended a dividend on the shares of the Company.

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 2010 - 2011. The said Dividend will absorb a sum of Rs. 54,75,141/-. The corporate dividend tax will be Rs.8,88,205/-. An amount of Rs.5,08,87,100/- is proposed to be transferred to Preference Shares Redemption Reserve Account for the year.

Your Directors have also recommended the payment of Dividend on the Equity Shares at 30% (i.e) Rs. 3/- per share of Rs. 10/- each for the Year 2010 - 2011. The Dividend will absorb a sum of Rs. 98,01,000/- and the dividend tax will be Rs. 15,89,967/-. An amount of Rs. 9,00,00,000/- is proposed to be transferred to General Reserve Account for the year.

Deposits

During the year under review, the Company has made the repayment / pre-mature repayment of unsecured deposits after complying with the applicable rules. There were no overdue deposits as on 31st March 2011.

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, Independent Director of the Company, retire by rotation at the ensuing Annual General meeting and being eligible, offered himself for re-appointment.

Your Directors have co-opted Mr. K. R. Suresh Reddy and Mr. K. K. Sinha as an Additional Director on the Board with designation as Independent Director and Additional Director, respectively w.e.f. 31st January, 2011. It is proposed to regularize their appointments in the ensuing Annual General Meeting.

Board of Directors recommends the above appointment and reappointment.

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, 2011 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, 2011 on a going concern basis.

Green Initiative

As part of "Green Initiative for Corporate Governance", recently, the government has allowed companies to send notices and documents to their shareholders electronically to facilitate paperless communication

This will ensure prompt communication and avoid loss of documents in transit.

Hence, shareholders are requested to register their email Id's with their depository participants or with the Registrars of the company M/s. Sathguru Management Consultants Private Limited.

Auditors

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

Auditors have not made any observation on the Annual Accounts of the Company for the financial year ended on 31st March, 2011.

Corporate Governance

A detailed Report on Corporate Governance, Management Discussion and Analysis Report and 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, the Companies (particulars of Employees) Amended Rules, 2011 has not been given in the Report.

Human Resources

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

Acknowledgments

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

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

Place : Secunderabad
Date : 9th August, 2011

R. Surender Reddy
Chairman