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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.

BOARD OF DIRECTORS

Sri B.N.Agarwal

Chairman and Managing Director

Sri R.Surender Reddy

Sri B.N.Rathi

Dr. Akkineni Nageswara Rao

Sri G.Ganesh

Nominee of IDBI Bank Limited

Sri Rajender Kumar Agarwal

Joint Managing Director

Sri J.K.Agarwal

Executive Director

Sri D.K.Agarwal

Whole-time Director

Vice President (Corporate Affairs) & Company Secretary

Sri B.R.S.Reddy

Vice President (Finance & Accounts)

Sri B. Somasekhara Rao

Auditors

M/s. Brahmayya & Co.
Hyderabad

Bankers

Andhra Bank
State Bank of Hyderabad
ICICI Bank Ltd
State Bank of India
IDBI Bank Limited
The Bank of Rajasthan Limited

Registered Office

6th Floor, Surya Towers, 105, S.P. Road,
Secunderabad - 500 003. Telephone: (040) 30512700
Website: www.suryavanshi.com

Registrar and Share Transfer Agents

M/s.Sathguru Management Consultants Pvt. Ltd.,
Plot No.15, Hindi Nagar, Behind Saibaba Temple,
Punjagutta, Hyderabad - 500 034.
Ph. Nos. (040) 31060333
Fax Nos.(040) 40040554

SALES DEPOT

SSM Compound, No. 86, Mangalam Road,
Tirupur, Tamil Nadu - 641 604.

FACTORIES

Unit - I Bhongir, Nalgonda Dist
Andhra Pradesh - 508 116

Unit - II Aliabad, Medchal Taluq
Ranga Reddy Dist. Andhra Pradesh - 500 078

Unit - III Rajna, Pandhurna (Tq.)
Chindwara Dist. Madhya Pradesh - 480 340

Unit - IV Garment Division
Plot No. 28 B, IDA, Bhongir,
Nalgonda Dist. Andhra Pradesh - 508 116

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of **Suryavanshi Spinning Mills Limited** will be held on Friday, the 29th July, 2011, at 10.00 A.M. at Gayatri Gardens, Survey No.26, Sikh Village, Near Diamond Point Hotel, Secunderabad- 500 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and 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. To appoint a Director in place of **Dr.Akkineni Nageswara Rao**, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Sri D.K.Agarwal**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Brahmayya & Co., Chartered Accountants, as statutory auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.
5. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTIONS WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT consent of the Company be and is hereby given in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for the mortgage and/or charge on all the movable and immovable properties of the Company, wheresoever situate, present and future, of the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events on second charge basis on pari passu basis among the second charge holders in favour of :

Andhra Bank of Rs.9275 lakhs (Fund Based Rs.4255 lakhs and Non-Fund Based Rs.5020 lakhs).

State Bank of Hyderabad of Rs.2966.25 lakhs (Fund Based Rs.1720.25 lakhs and Non-Fund Based Rs.1246 lakhs).

Together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Andhra Bank and State Bank of Hyderabad under their letter of sanctions/loan agreements entered / to be entered into by the Company in respect of the said financial assistance.

Provided, however that the above mortgage/charge in favour of Andhra Bank / State Bank of Hyderabad shall rank second and subservient to the charges created / to be created by the Company in favour of ICICI, IDBI, SBI and Andhra Bank to secure the term loans sanctioned / to be sanctioned by them..

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with Andhra Bank/State Bank of Hyderabad, the documents for creating aforesaid mortgage and to do all such acts and things, as may be necessary for giving effect to the above resolution".

BY ORDER OF THE BOARD
For **SURYAVANSHI SPINNING MILLS LTD**

B.R.S. REDDY
VICE PRESIDENT (CORPORATE AFFAIRS)
& COMPANY SECRETARY

Place : Secunderabad
Date : 27th May, 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

3. The register of members and share transfer books will be closed from Friday, 22nd July, 2011 to Friday, 29th July, 2011 (both days inclusive) for the purpose of Annual General Meeting.

4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.

5. Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them. Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered Office of the Company

For the Financial	Date of declaration	Due date for transfer
2005-2006	30.09.2006	06.11.2013
2006-2007	09.08.2007	15.09.2014

6. The Companies Act, 1956 provides for the facility of nomination to the holders of Shares in a Company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company.

7. The shares of the Company continue to be listed on the Stock Exchange at Mumbai and the Company has paid upto date all the listing fees to the Stock Exchange.

8. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holding in electronic form, and to M/s. Sathguru Management Consultants (P) Ltd, Unit: Suryavanshi Spinning Mills Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034, India in respect of their holding in physical form, if any.

9. The Members are requested to bring their copy of the annual report with them at the time of attending Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NOS.2 &3

REAPPOINTMENT OF RETIRING DIRECTORS

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided elsewhere in the Annual Report.

ITEM NO 5.

Andhra Bank, Sultan Bazar, Hyderabad vide its letter No.205/1/44S/1167 dated 08.01.2011 has sanctioned Working Capital Limits of Rs.12260 lakhs.

State Bank of Hyderabad, Commercial Branch, Secunderabad vide its letter No.F/ADV/1151 dated 04.01.2011 has sanctioned Working Capital Limits of Rs.4114 lakhs.

The Company has already created mortgage by way of second charge ranking pari passu on the working capital bankers on the fixed assets of the company to secure the working capital facilities of

1. Andhra Bank Rs.2985 lakhs (Fund Based Rs.2040 lakhs and Non Fund Based Rs.945 Lakhs)
2. State bank of Hyderabad Rs.1147.75 lakhs (Fund Based Rs.893.75 lakhs and Non Fund Based Rs.254 Lakhs).
3. ICICI Bank Rs.572.25 lakhs (Fund Based Rs.456.25 lakhs and Non Fund Based Rs.116 lakhs)

On the request of the company, Andhra Bank and State Bank of Hyderabad have taken over the working capital facilities sanctioned by ICICI Bank Limited.

As per the terms of the sanction of Andhra Bank and State Bank of Hyderabad, the company has to create mortgage by way of second charge on its immovable properties to secure the Additional Working Capital facilities of :

Andhra Bank of Rs.9275 lakhs (Fund Based Rs.4255 lakhs and Non-Fund Based Rs.5020 lakhs)

State Bank of Hyderabad of Rs.2966.25 lakhs (Fund Based Rs.1720.25 lakhs and Non-Fund Based Rs.1246 lakhs)

Since the mortgaging by the Company of its immovable properties as aforesaid in favour of above banks may be regarded as disposal of the Company's properties / undertakings, consent of members by way of ordinary resolution is required pursuant to section 293(l)(a) of the Companies Act, 1956 for the creation of the said mortgage.

The Board recommends the Resolution for your approval.

None of the Directors is interested or concerned in the Resolution

BY ORDER OF THE BOARD
For **SURYAVANSHI SPINNING MILLS LTD**

B.R.S. REDDY
VICE PRESIDENT (CORPORATE AFFAIRS)
& COMPANY SECRETARY

Place : Secunderabad

Date : 27th May, 2011

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present their 32nd Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2011.

	(Rs. in Lakhs)	
	2010-11	2009-10
Financial Results		
Net Turnover including other income	29,057.02	18,864.62
Gross profit before financial charges & Depreciation	3,274.46	1,920.51
Less: Depreciation	744.81	740.47
Finance charges	915.46	875.03
Profit/(Loss) Before Taxation	1,614.19	305.01
Provision for Wealth Tax	0.31	0.50
Profit/(Loss) after taxation	1,613.88	304.51
Profit/(Loss) Brought Forwarded from last year	(556.41)	(860.92)
Balance carried to Balance Sheet	1,057.47	(556.41)

OPERATIONS

The Indian Textile Industry has done well after coming out of the recession. The Company's operations resulted in an improved turnover of Rs.290.57 Crores registering a good growth of about 54.02% over the previous year. The profit after tax was at Rs.16.14 Crores as against the Rs.3.05 Crores in the previous year. This reflects the overall improvement in all facets of the business.

RAW MATERIALS:

During the year the prices of Raw Materials has drastically increased by about 61.81%. All other inputs such as consumables, packing, repairs and maintenance to machineries have increased due to inflation. The ratio to Raw Materials to revenue has increased from 60.57% to 63.64%.

YARN:

The aggregate production of Yarn, during the year 2010-11, in Bhongir and Aliabad units in Andhra Pradesh and Rajna in Madhya Pradesh was 137.86 lakhs Kgs as against the production of 123.20 lakhs Kgs during the previous year.

READYMADE GARMENTS:

Improved international market scenario in the current year coupled with increased realization, enabled the company to achieve better performance. Readymade Garment's production during the year 2010-11 was 20.08 lakh pieces as against 16.04 lakh pieces in the previous year, thus registering a growth of about 25%.

DIVIDEND

With a view to conserve the financial resources, the Board of Directors are not recommending Dividend during the year under review.

CAPITAL EXPENDITURE

Continuous Modernization is essential in the Spinning Industry to meet the stringent quality parameters and during the year under review, incurred capital expenditure of Rs. 684.23 Lakhs for up-gradation of machinery and balancing equipments at its units as against Capital Expenditure of Rs.332.22 lakhs in the previous year.

EXPORTS

The exports during the year were Rs.12150.16 lakhs (including merchant exports of Rs.387.13 lakhs) as against the export turnover of Rs.3462.15 lakhs (including merchant exports of Rs.137.07 lakhs) during the previous year registering a significant growth of around 250.94% over the previous year.

With the revival from the economic slow down in the major markets abroad, export of textiles products from the Country has picked up. The Company has concentrated on continuous product development and

significant quality improvement and developed the value added products. The increased business from the existing customers is an indication of the trust the Company enjoys in the market place. The company also explored the new markets in the overseas markets of German and European countries for exports of readymade garments and absorbent bleached cotton. The company has substantially improved the various styles of readymade garments to suit the requirement of German and European countries

FUTURE OUTLOOK

The company proposes to increase the spindleage from 98288 spindles to 125504 spindles by setting up state of art new spinning unit of 27216 spindles and expansion and modernization of all three existing spinning units. The company also proposes to increase the garments capacity from 10000 pieces per day to 20000 pieces per day by setting up state of art new garment unit with capacity of 10000 pieces per day. The estimated project cost for new spinning unit and modernization cum expansion is around Rs.109.47 crores and for new garment unit is around Rs.7.38 crores with the on going expansion proposals the prospects of the company are expected to be promising.

DIRECTORS

Pursuant to provisions of Section 255 and 256 of the Companies Act, 1956, Dr.Akkineni Nageswara Rao and Sri D.K.Agarwal Directors will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Though Sri.D.K.Agarwal was appointed as Whole-time Director for a period of five years w.e.f. 01.10.2007 by the members at the Annual General Meeting held on 26.09.2008, to comply with the statutory requirement of retirement of Directory by rotation, pursuant to Sections 255 and 256 of the Companies Act, 1956, the appointment of Sri.D.K.Agarwal is subject to retirement by rotation. Accordingly, Sri.D.K.Agarwal is retiring by rotation on his reappointment, by the Members at the ensuing Annual General Meeting, the other terms and

conditions of appointment of Sri.D.K.Agarwal as Whole-time Director shall remain unaltered.

Brief resume of the Directors retiring by rotation, nature of their expertise in specific functional areas and names of public companies in which they hold directorships as stipulated under clause 49 of the listing agreement with the Stock Exchange are given on Corporate Governance elsewhere in the Annual Report.

AUDIT COMMITTEE

The Audit Committee met five times during the year under review.

CORPORATE GOVERNANCE

Pursuance to Clause 49 of the Listing Agreement with the Stock Exchange, a detailed report on the Management Discussion and Analysis, Corporate Governance Report and Additional information to the Shareholders are made part of this Annual Report.

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.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Company confirms:

- I. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date.
3. that proper and sufficient care has been taken 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.
4. that the annual accounts have been prepared on a going concern basis.

AUDITORS

The Statutory Auditors of the Company, M/s. Brahmayya & Co, Chartered Accountants, Hyderabad will retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS' QUALIFICATION:

The qualification made by the Auditors in their report on the accounts of the company for the year ended 31st March, 2011 have been dealt with in the Notes on Accounts, which are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given at Annexure-I.

DEPOSITS

The company has not invited/accepted deposits from the public.

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) Rules, 1975 and hence the prescribed information is not required to be given.

ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record their appreciation of the co-operation and support extended by All India Financial Institutions, Banks and various State and Central Government Agencies.

The Board would also like to thank the Company's shareholders, customers, suppliers for the support and the confidence which they have reposed in the management. The Board place on record its appreciation of the contribution made by the employees at all levels for their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors

(B.N.Agarwal)

Chairman & Managing Director

Place : Secunderabad

Date : 27th May, 2011

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Details as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 read with clause (e) of Subsection (1) of Section 217 of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:

An energy audit was undertaken by a firm of consultants to improve upon the energy conservation measures. The recommendations from the audit were implemented. The Company's consumption of energy per unit of production is on par with other companies in the industry.

- (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

	2010-11	2009-10
I. Power & Fuel consumption		
a) Purchased		
Units	57043769	50006566
Total amount (Rs. lakhs)	2246.94	1712.38
Rate / Unit (Rs.)	3.93	3.42
b) Own Generation		
i) Through Generator (LDO/HSD/FO)		
Unit Nos.	40820	197957
Unit per liter of Diesel Oil	1.82	3.00
Cost Per Unit (Rs.)	21.95	14.27
ii) Through Steam generation	N.A.	N.A.
Turbine / Generator	N.A.	N.A.
2. COAL (Tonnes) (Specify the quality and where used) (E/F Grade, Process)	1075.00	321
3. Furnace Oil	N.A.	N.A.
4. OTHERS/INTERNAL GENERATORS (Please give details)	N.A.	N.A.

Consumption Per Unit of Production

Consumption per Kg of Production	Standards (if any)	2010-11	2009-10
Electricity (no of units)	--	4.14	3.95
Furnace Oil	Nil	Nil	Nil
Coal (Specify Quality)	Nil	Nil	Nil
Others (Specify)	Nil	Nil	Nil