



Contents

	Page Nos
Board of Directors _____	3 - 3
Notice _____	4 - 13
Directors' Report _____	14 - 19
Management Discussion and Analysis _____	20 - 22
Corporate Governance Report _____	23 - 31
Auditors' Certificate on compliance of Corporate Governance _____	32 - 32
Auditor's Report _____	33 - 35
Balance Sheet _____	36 - 36
Statement of Profit and Loss _____	37 - 37
Notes on financial statements _____	38 - 56
Cash Flow Statement _____	57 - 58
Statement pursuant to Section 212 _____	59 - 59
Consolidated Auditor's Report _____	60 - 60
Consolidated Balance Sheet _____	61 - 61
Consolidated Statement of Profit and Loss _____	62 - 62
Notes on consolidated financial statements _____	63 - 81
Consolidated Cash Flow Statement _____	82 - 83
Information relating to subsidiary _____	84 - 84
Green Initiative _____	85 - 85
Attendance Slip/Proxy Form _____	87 - 87

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	Director
Sri B.N.Rathi	Director
Dr. Akkineni Nageswara Rao	Director
Sri G.Ganesh	Nominee of IDBI Bank Limited
Sri R.K.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

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

Karvy Computer Share Private Limited,
Plot No.17 to 24,, Vithalrao Nagar,
Madhapur, Hyderabad - 500081.
Telephone: (040) 23420815 to 824 & 44655270
Fax No. (040) 23420814

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 33rd Annual General Meeting of the Members of **Suryavanshi Spinning Mills Limited** will be held on Monday, the 30th July, 2012 at Rajdhani Hall, First floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500 003 at 10.15 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, Profit and Loss Statement and Cash Flow Statement for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Sri B.N.Rathi, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri R.Surender Reddy who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider, and if thought, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s.Brahmayya & Co., Chartered Accountants, (Firm's Registration Number 000513S) be and are hereby reappointed as statutory auditors of the company till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors of the company."

SPECIAL BUSINESS:

5. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in supersession of the Resolution passed by the Members in the 29th Annual General Meeting held on 26-09-2008 and subject to the provisions of sections 198, 255, 269 and 309 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded for the re-appointment of Sri J.K.Agarwal Executive Director liable to retirement by rotation and the remuneration payable to him for a period of three years with effect from 30.05.2012 to 29.05.2015 on the following terms and conditions:

- a) Basic Salary: Rs.1,40,000/- per month
- b) Commission: @ 1% (one percent) of Net Profits of the Company or 50% of the salary, whichever is less
- c) Perquisites: In addition to salary and commission as stated above Sri. J.K. Agarwal, shall be entitled to the following perquisites:

PART - A

- i) Rent free furnished residential accommodation with all facilities and amenities including services such as gas, electricity, water etc. or House Rent Allowance to the extent of 40% of the basic salary.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand) per annum.

PART - B

- i) Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, if any.
- ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.

PART - C

- i) Provision of car for use of Company's business and telephone and other communication expenses.

"RESOLVED FURTHER THAT Sri J.K.Agarwal when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Executive Director and such reappointment shall not be deemed to constitute a break in his appointment as Executive Director.

FURTHER RESOLVED THAT where in any financial year during the currency of Sri J.K. Agarwal's tenure of office as Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances, as specified above as a minimum remuneration subject to provisions of Schedule XIII of the Companies Act, 1956."

6. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Resolution passed by the Members in the 29th Annual General Meeting held on 26-09-2008 and subject to the provisions of sections 198, 255, 269 and 309 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded to the re-appointment of Sri D.K.Agarwal as Whole time Director liable to retirement by rotation and the remuneration payable to him for a period of three years with effect from 30.05.2012 to 29.05.2015 on the following terms and conditions:

- a) Basic Salary: Rs.1,40,000/- per month
- b) Commission: @ 1% (one percent) of Net Profits of the Company or 50% of the basic salary, whichever is less
- c) Perquisites: In addition to salary and commission as stated above Sri D.K.Agarwal, shall be entitled to the following perquisites:

PART - A

- i) Rent free furnished residential accommodation with all facilities and amenities including services such as gas, electricity, water etc. or House Rent Allowance to the extent of 40% of the basic salary.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fees is paid.

- v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand) per annum.

PART - B

- i) Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, if any.
- ii) Gratuity payable shall not exceed half a month's basic salary for each completed year of service.

PART - C

- i) Provision of car for use of Company's business and telephone and other communication expenses.

"RESOLVED FURTHER THAT Sri D.K.Agarwal when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Whole time Director and such reappointment shall not be deemed to constitute a break in his appointment as Whole time Director.

FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Sri D.K.Agarwal, Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances, as specified above as minimum remuneration subject to provisions of Schedule XIII of the Companies Act, 1956."

7. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification of the Resolution passed by the Members in the 30th Annual General Meeting held on 30-09-2009 and subject to the provisions of sections 198, 269, 309, and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded for the revision in the remuneration payable to Sri B.N.Agarwal, Chairman and Managing Director for the remaining period of his appointment from 30.05.2012 to 31.01.2014 on the terms and conditions mentioned below:

- a) Basic Salary: Rs.1,50,000/- per month
- b) Commission: @ 1% (one percent) of Net Profits of the Company or 50% of the basic salary, whichever is less

- c) Perquisites: In addition to salary and commission as stated above Mr. B.N. Agarwal, shall be entitled to the following perquisites:

PART - A

- i) Rent free furnished residential accommodation with all facilities and amenities including services such as gas, electricity, water etc. or House Rent Allowance to the extent of 40% of the basic salary.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand) per annum.

PART - B

- i) Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, if any.
- ii) Gratuity payable shall not exceed half a month's basic salary for each completed year of service.

PART - C

- i) Provision of car for use of Company's business and telephone and other communication expenses.

FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Sri B.N.Agarwal, Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances, as specified above as a minimum remuneration subject to provisions of Schedule XIII of the Companies Act, 1956."

8. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification of the Resolution passed by the Members in the 31st Annual General Meeting held on 29-09-2010 and

subject to the provisions of sections 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded for the revision in the remuneration payable to Sri R.K.Agarwal, Joint Managing Director for the remaining period of his appointment from 30.05.2012 to 20.05.2015 on the terms and conditions mentioned below:

- a) Basic Salary: Rs.1,40,000/- per month
- b) Commission: @ 1% (one percent) of Net Profits of the Company or 50% of the basic salary, whichever is less
- c) Perquisites: In addition to salary and commission as stated above Mr. R.K. Agarwal, shall be entitled to the following perquisites:

PART - A

- i) Rent free furnished residential accommodation with all facilities and amenities including services such as gas, electricity, water etc. or House Rent Allowance to the extent of 40% of the basic salary.
- ii) Medical Reimbursement: Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Fees of clubs: Subject to a maximum of two clubs provided that no life membership or admission fees is paid.
- v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand) per annum.

PART - B

- i) Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company, if any.
- ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.

PART - C

- i) Provision of car for use of Company's business and telephone other communication expenses.

FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Sri R.K.Agarwal, Joint Managing Director, the Company has no profits or its profits are

inadequate, the Company will pay remuneration by way of salary, perquisites and allowances, as specified above as a minimum remuneration subject to provisions of Schedule XIII of the Companies Act, 1956."

9. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the consent of the company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 to the mortgaging and/or charging by the Board of Directors of the Company (hereinafter referred to as Board) of all immovable properties of the Company, wheresoever situated, present and future, of the whole of the undertaking of the company together with power to take over the management of the business and concern of the company in certain events on first charge basis ranking pari passu with the other term lenders in favour of Andhra Bank to secure its Rupee Term Loan of Rs.18.18 crores. And

On Second charge basis ranking pari passu among the second charge holders in favour of

1. Andhra Bank of Rs.125.25 crores of its working capital facilities.
2. State Bank of Hyderabad of Rs.48.58 crores of its working capital facilities.

Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, 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 on the second charge basis in favour of Andhra Bank / State Bank of Hyderabad to secure their working capital facilities 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.

Provided further that the above mortgage/charge on FIRST CHARGE BASIS in favour of Andhra Bank shall rank pari-passu with, the mortgages and/or charges already created or to be created by the Company to secure the

term loans sanctioned/to be sanctioned by IDBI / ICICI / SBI and the mortgage on SECOND CHARGE BASIS on immovable properties of the company in favour of ANDHRA BANK and STATE BANK OF HYDERABAD shall rank pari passu with the charges created / to be created in favour of the Bankers for working capital facilities.

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".

10. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, the index of members and copies of Annual Returns along with the copies of certificates and documents or any or more of them, required to be annexed thereto under Section 160 and 161 of the said Act, be kept at the office of the Company's Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited, Plot no.17-24, Vittalrao nagar, Madhapur, Hyderabad 500081 w.e.f. 31st July, 2012 instead of being kept at the Registered Office of the Company."

"RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this resolution."

BY ORDER OF THE BOARD

For **SURYAVANSHI SPINNING MILLS LTD**

B.R.S. REDDY

VICE PRESIDENT (CORPORATE AFFAIRS)
& COMPANY SECRETARY

Place : Secunderabad

Date : 30th May, 2012

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 Tuesday, 24th July 2012 to Monday, 30th July, 2012 (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 :

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

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.

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, Mumbai and the Company has paid upto date all the listing fees to the 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 Karvy Computer Share Private Limited, Plot No.17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500081 Unit: Suryavanshi Spinning Mills Limited 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.