

Annual Report 2012-2013



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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	Director
Sri. B.N.Rathi	Director (upto 09-01-2013)
Dr. Akkineni Nageswara Rao	Director
Sri. G. Ganesh	Nominee Director of IDBI (upto 02-06-2013)
Sri. R.K Agarwal	Joint Managing Director
Sri. J.K.Agarwal	Executive Director
Sri. D.K.Agarwal	Whole Time Director
Sri. Surender Kumar Agarwal	Director (with effect from 09-03-2013)

Vice President (Corporate Affairs) & Company Secretary

Sri B.R.S.Reddy

Vice President (Finance & Accounts)

Sri B. Somasekhara Rao

Auditors

M/s. Brahmayya & Co.
Flat NO.403 & 404,
Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad-500082

Bankers

Andhra Bank
State Bank of Hyderabad
ICICI Bank Limited

Registered Office

6th Floor, Surya Towers, 105, S.P. Road,
Secunderabad - 500 003.

Website:www.suryavanshi.com

Registrar and Share Transfer Agents

Karvy Computer Share Private Limited,
Plot No.17 to 24,,
Vithalrao Nagar,
Madhapur, Hyderabad - 500081.

SALES DEPOT

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

FACTORIES

Unit - I Spinning Division
Bhongir, Nalgonda District
Andhra Pradesh - 508 116

Unit-II Spinning, Garments & Medical Textile Divisions
Aliabad, Medchal Taluq
Ranga Reddy Dist. Andhra Pradesh - 500 078

Unit-III Spinning Division
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

Corporate Identity Number (CIN) of the Company L14220AP1978PLC002390

NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Suryavanshi Spinning Mills Limited will be held on **Saturday, the 28th September, 2013 at 12.00 Noon 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 Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow statement of the company for the year ended on that date and the reports of the Directors and Auditors' thereon.
2. To appoint a Director in the place of Dr. Akkineni Nageswara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri. D.K.Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Brahmayya & Co., Chartered Accountants, (Firm's Registration Number 0005135) 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 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 AN ORDINARY RESOLUTION:

"RESOLVED THAT Sri. Surender Kumar Agarwal, who was appointed as an Additional Director of the Company with effect from 9th March, 2013 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 but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation".

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

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

Place : Secunderabad

Date : 07.05.2013

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 of the Company will be closed from Tuesday, 24th September, 2013 to Saturday, 28th September, 2013 (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 re-validated 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.

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

REAPPOINTMENT OF RETIRING DIRECTORS (Item Nos. 2 & 3)

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided hereunder.

ITEM NO. 2

DR. AKKINENI NAGESWARA RAO

Dr. Akkineni Nageswara Rao, is Cine Artist by profession and has been on the Board since 18th January, 1992. Dr. Akkineni Nageswara Rao is one of the most well known Cine Artists in the State having acted in more than 250 films and has been recipient of several prestigious National Awards including Dada Saheb Phalke Award and Padma Vibhushan. A well known Philanthropist, he is associated with several cultural and educational institutions. Dr. Akkineni Nageswara Rao holds 400 number of equity shares in the company as on 31st March, 2013.

Names of other public companies in which Dr. Akkineni Nageswara Rao is a Director.

1. Suryajyoti Spinning Mills Limited
2. Suryalakshmi Cotton Mills Limited

ITEM NO.3

Sri. D.K.Agarwal, Promoter and Whole- time Director of the company, graduated in Commerce and he was first appointed on the Board on 6th September, 1994. He has wide experience in Marketing Operations and he is associated with the company for the last 19 years.

Though Sri. D.K. Agarwal was appointed as the Whole-time Director of the Company for a period of 3 years

with effect from 30th May, 2012 after obtaining Members approval at the Annual General Meeting held on July 30, 2012 he has been considered for appointment retiring by rotation in order to comply with the statutory requirement of retirement of Directors by rotation, pursuant to provisions of Sections 255 and 256 of the Companies Act, 1956.

Accordingly, Sri. D.K. Agarwal will be retiring at the ensuing Annual General Meeting. 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.

Sri. D.K. Agarwal holds 16,23,854 equity shares in the Company as on 31st March, 2013. Sri. D.K. Agarwal is also Director of Suryavanshi Industries Limited and Ananda Lakshmi Spinning Mills Limited.

REGULARIZATION OF DIRECTOR (ITEM NO.5)

The Board of Directors appointed Sri. Surender Kumar Agarwal as an Additional Director of the Company with effect from 9th March, 2013 pursuant to the provisions of Section 260 of the Companies Act and Article 104 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Sri. Surender Kumar Agarwal holds office up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for re-appointment as Director. Notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Sri. Surender Kumar Agarwal as Director of the company along with a deposit of

Rs 500/- as required under the provisions of Section 257 of the Companies Act, 1956 which will be refunded to the Member, if Sri. Surender Kumar Agarwal is elected as a Director.

Sri. Surender Kumar Agarwal, Graduate in commerce has industrial experience of more than a decade. He is a Promoter Director of M/s. Nikhil Granites (P) Ltd and has been successfully running this company for the last 10 years. He is also Director of M/s. Smartech Marketing Pvt Ltd. He is a member of Audit committee and remuneration committee of Suryavanshi Spinning Mills Ltd and he does not hold any shares in the company as on 31st March, 2013.

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

Sri. Surender Kumar Agarwal is interested in the Resolution since it is related to his own appointment. No other Director of the Company is, in any way, concerned or interested in 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 : 07.05.2013

DIRECTORS' REPORT

To
The Members

We have pleasure in presenting the 34th Annual Report of the Company along with the Audited Statements of Account for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

	(₹ in Lakhs)	
Particulars	2012-2013	2011-2012
Total Revenue	27,406.12	27,714.35
Gross profit before financial cost & Depreciation	56.80	947.51
Less: Depreciation	726.45	713.76
Financial charges	880.72	1047.93
Profit / (Loss) Before Taxation	(1550.37)	(814.18)
Tax for Earlier years	5.27	2.60
Profit / (Loss) after taxation	(1555.64)	(816.78)

2. OPERATIONS

Company achieved a Total Revenue of Rs. 274.06 crores (including Other Income of Rs. 5.81 crores) and incurred a loss of Rs.15.50 crores for the Year ended 31st March, 2013 as against Total Revenue of Rs. 277.14 crores (including other income of Rs.6.41 crores) and Loss of Rs.8.14 crores for the previous year ended 31st March, 2012.

The Company's performance was adversely affected primarily due to steep increase in the power cost coupled with loss of production during the second quarter of the year on account of non availability of power. Cost of power increased abnormally due to the levy of Fuel Surcharge by APCPDCL which is higher by 30% of normal power cost supplied by APCPDCL. In addition to that Company resorted to buy private power at a unit rate as high as Rs.7.50 through open access in order to keep the work force available and machinery running. The power cost during the year 2012-13 has gone up by Rs. 12.42 crores over the previous year's power cost of Rs. 23.50 crores.

3. DIVIDEND

In view of the adverse factors referred above, your Company incurred losses for the year under review, and the Board regret their inability to recommend any dividend during the year.

4. EXPORTS

During the year 2012-13 the Company's exports were Rs. 61.21 crores (including merchant exports of Rs. 3.53 crores) as against the previous year's export turnover of Rs. 63.78 crores (including merchant exports of Rs. 5.91 crores).

5. EXPANSION & MODERNISATION

Modernization and technological up-gradation programs continue at all the units of the Company to maintain competitiveness and to achieve better quality. Stringent cost control measures remain in place in all possible areas and are regularly reviewed. During the year 2012-13, capital expenditure to the tune of Rs.24.22crores was incurred towards the installation of Automatic Cone Winding machines at its units situated at Aliabad and Bhongir and for the addition of 8400 spindleage at the Rajna unit of the Company, as against Capital Expenditure of Rs.12.77 crores incurred in the previous year.

6. FUTURE OUTLOOK

During the year under review, your Company has undertaken expansion at its Rajna Unit, Madhya Pradesh with an investment of Rs.16.26 Crores by installing an additional 8400 ultra modern spindles. The said expansion cum modernization was completed and trial productions are under progress. The Company also under took the up-gradation and modernization at its units situated at Bhongir and Aliabad in the State of Andhra Pradesh. With the expected stability of cotton prices and the completion of ongoing modernization and expansion schemes at its units, the prospects of the Company are expected to be promising.

7. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate

from the Auditors of the Company regarding compliance with Corporate Governance norms stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

8. ENVIRONMENT AND POLLUTION CONTROL

Suryavanshi continues to give top priority to maintenance and performance improvement of all pollution abatement facilities like effluent treatment plants, air emission control and waste disposal facilities at its manufacturing plants. As far as possible rainwater harvesting and treated effluent recycling is being carried out at manufacturing plants to reduce dependence on water from other natural resource. Training, awareness and learning have been always at the forefront of Suryavanshi's journey to become world class in environmental performance. It has inculcated the habit to be in harmony with nature and in this context, afforestation, maintenance of green belts and gardens, and reuse of treated water in horticulture activities are routine practices. Environment impact assessment and risk analysis have been performed right from the stage of planning for implementation of all new major expansion projects to incorporate the necessary measures to minimize adverse environmental impact.

All manufacturing facilities have obtained environmental clearances from the respective Pollution Control Boards and are in compliance with all current environmental legislation. As an integral part of its environment protection drive, the Company ensures the very minimum quantity of generation of waste, low emission levels and low noise pollution levels during operations of all manufacturing facilities.

9. 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.

The Board regrets to record that Sri. B.N.Rathi, Director who had been associated with the Company for the last 24 years passed away on 10th January, 2013. Board places on record its condolences for the sudden demise of Sri.

B.N.Rathi. The Board also places on record its appreciation for the valuable services and guidance rendered by Sri. B.N.Rathi during his tenure.

The Company has repaid the entire loan amount to IDBI Bank Limited (IDBI), and as a result, Sri. G. Ganesh has been withdrawn as Nominee Director of the IDBI from the Board w.e.f. 3rd June, 2013. The Board also places on record its appreciation for the valuable services and guidance rendered by Sri G. Ganesh during his tenure.

Your Directors co-opted Sri. Surender Kumar Agarwal as an additional Director with effect from 9th March, 2013. It is proposed to regularize his appointment in the ensuing Annual General Meeting.

The necessary Resolution for obtaining the approval of Members has been included in notice for the ensuing Annual General Meeting.

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.

10. DISINVESTMENT IN THE FORTUNE EAGLE (HK) TRADING LIMITED - ERSTWHILE SUBSIDIARY COMPANY

The Company during the year 2012-13 disinvested its entire shareholding of one Hong kong dollar in the wholly owned subsidiary of M/s. fortune Eagle(HK)Trading Limited, Hong Kong. With this Fortune Eagle (HK) Trading Limited ceased to be the subsidiary of your Company.

11. 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.

12. AUDITORS' OBSERVATIONS

With reference to observations made by the statutory auditors regarding the application of the short term funds for long term purposes, we have to state that due to unexpected delay in securing the long term funds for the company's expansion

cum modernization schemes the company utilized short term funds for this purpose to avoid project over runs. The company has already initiated steps to rectify this anomaly.

13. COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, Ms. K. Aruna Prasad, Cost Accountants (Membership No.11816), has been appointed as Cost Auditor to submit the reports to the Central Government. The reports for the year 2011-12 were submitted on 31st January, 2013 (Due date 31-3-2013) and for the year 2012-13 will be submitted on or before due date.

14. DIRECTORS' RESPONSIBILITY STATEMENT

On the basis of compliance certificates received from the concerned executives of the respective Divisions of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations provided relating to material departures, if any;
- ii) that the Directors have followed appropriate 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 31st March, 2013 and of the loss of the Company for that year;
- iii) that the Directors have taken proper and sufficient care to ensure 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, if any;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

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

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' and forms part of this Report.

16. DEPOSITS

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

17. PARTICULARS OF 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.

18. CASH FLOW ANALYSIS

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31st March, 2013 is annexed hereto.

19. ACKNOWLEDGEMENTS

The Board of Directors are 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 also wishes to place on record its appreciation of the valuable services rendered by the employees of the Company.

For and on behalf of the Board of Directors

(B.N.Agarwal)
Chairman & Managing Director

Place : Secunderabad
Date : 07th May, 2013

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - A

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.

- (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 contributed for the improvement in the power factor.

- (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

A. Power & Fuel consumption	2012-13	2011-12
I. ELECTRICITY		
a) Purchased		
Units (000)Apcpdcl	45114200	53833908
Total amount (Rs. lakhs)	2339.19	2349.75
Rate / Unit (Rs.)	5.19	4.36
Units (000)Private(LEX)	6639490	-
Total amount (Rs. lakhs)	477.56	-
Rate / Unit (Rs.)	7.19	-
FSA Charges (Rs. lakhs)	754.43	-
b) Own Generation		
i) Through Generator (LDO/HSD/FO)		
Units Nos.	190309.82	23475.42
Unit per liter of Diesel Oil	10.14	10.34
Cost / Unit (Rs.)	47.00	44
ii) Through Steam Generation		
Turbine / Generator		
2.. COAL (Tonnes) (Specify the quality and where used) (E/F Grade, Process)	872.44	740.00
3. FURNACE OIL	N.A	N.A
4. OTHERS / INTERNAL GENERATORS (Please give details)	N.A	N.A