Weaving stronger ties!

Suryalakshmi Cotton Mills Ltd

Annual Report 2012-13

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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At Suryalakshmi Cotton Mills Limited,
'weaving' is not just the business we are engaged in, but the very philosophy of our existence.

We weave stronger ties with those who provide us capital and raw material; we weave stronger ties with our employees and consultants; we weave stronger ties with our customers and community.

The concept of 'weaving' is good for business and its sustainability. We generated 5.24% growth in revenues and 7.28% increase in profit after tax in a challenging 2012-13.

At Suryalakshmi Cotton Mills Limited, we have consistently focused on value-addition, operational integration and quality management.

The surpluses we have generated have been re-invested in equipment, facilities and technologies.

Making it possible for the Company to grow revenues from ₹253.82 crore in 2002-03 to ₹357.04 crore in 2007-08 to ₹713.95 crore in 2012-13. And emerge as one of the most consistently growing textile companies in India.

focus pays.

Vision

Through an integrated system of tools, techniques and training, Suryalakshmi constantly thrives to achieve and maintain the highest quality parameters in most versatile processes. Continuous improvement and development of its own processes are keys to the Company's survival and success over a period.

Mission

Our mission at Suryalakshmi Cotton Mills is to empower the dominance of the organisation in the Indian market while we expand and develop a strong presence in the international market. Our products, operations and services, are globally benchmarked against the best.

Who we are

Incorporated in 1962 by Mr. L. N. Agarwal (Chairman & Managing Director), Suryalakshmi Cotton Mills is a respected company in India's textiles industry with integrated operations across yarn spinning, denim fabric and garment manufacture. The Company enjoys a high promoter's holding of 64.22% and is listed on the Bombay and National Stock Exchanges with a market capitalisation of ₹87.13 crore as on March 31, 2013.

Where we are

Suryalakshmi Cotton Mills is headquartered at Secunderabad (Andhra Pradesh) with a denim manufacturing facility at Ramtek (Maharashtra) and spinning units (polyester cotton and synthetic yarn) at Amanagallu (Andhra Pradesh).

Suryalakshmi Cotton Mills markets products within India and more than 20 countries (Israel, Panama, Egypt, Bangladesh, Sri Lanka, Indonesia, Mauritius, Singapore, the UK, Guatemala, Syria, Taiwan, Turkey and the US, among others).

Certifications

- Recognised as an Export House by the Government of India.
- Manufacturing units certified for ISO 9001:2000 and ISO 14000.
- Certified for Oeko Tex Standard 100 Product Class II up to 31.12.2013.

Our esteemed customers

USA	EUROPE
VF	M&S
LEVI's	C&A
WALMART	ASDA
PERRY ELIS	GEORGE
JONES INTERNATIONAL	NEXT
KOHL'S	VF
DKNY	MISS SIXTY
JC PENNY	MANGO
	CARREFOUR
	SAINSBURY
	MOTHERCARE
	TESCO

Fabric division

	Net sales (₹ lac)	EBIDTA (₹ lac)	Profit before tax (₹ lac)	Installed capacity (million metres per annum)
2011-12	39,996.75	7,281.55	3,664.62	40
2012-13	41,195.01	7,591.13	3,912.37	40

Denim fabric

The Company's denim plant at Ramtek (near Nagpur) is equipped with state-of-the-art equipment (capacity 40 million metres per annum) to produce world-class denim fabric. The Company's full-fledged product development lab has facilitated the development of more than 100 denim varieties (some given below). This business accounted for 58.4% of the Company's net sales in 2012-13.

- **Mercerised denim:** Stretch and rigid
- **Coated denim:** Stretch and rigid
- **Normal finish:** Stretch and rigid
- **Cotton/Polyester:** Stretch and rigid
- **Colour denim:** Yarn-dyed / over-dyed stretch and rigid
- **Mill washed denim:** Stretch and rigid

Yarn division

	Net sales (₹ lac)	EBIDTA (₹ lac)	Profit before tax (₹ lac)	Installed capacity (spindles)
2011-12	26,876.37	1,966.73	146.18	60,864
2012-13	29,349.32	3,250.18	1,445.72	61,008

The Company's spinning unit at Amanagallu (Andhra Pradesh) comprises 61,008 spindles and fully-integrated facilities to produce world-class products. The Company manufactures cotton, polyester and blended yarns. This business accounted for 41.6% of the Company's net sales in 2012-13.

Power division

The Company's 25 MW thermal power plant at Ramtek (Maharashtra) commenced commercial operations during mid 2012-13 and caters to the captive needs requirements of the Company's denim division after meeting auxiliary requirements. Pending finalisation of long-term arrangements for the supply of power to grid / third parties during the second half of the year, the plant had to be operated at a lower PLF, catering mainly to the denim division's captive requirements.

The Company has invested in the latest technology for coal-fired boilers to generate high pressure steam. The technology adopted by the Company comprised fluidised bed combustion, is the most effective way of burning coal. The boiler was acquired from Thermax Babcock and Wilcox, Pune, steam turbine from Shin Nippon Machinery, Japan, generators from Shin Thermo Dynamics Engineering, Chennai, and air cooled condenser from Paharpur Cooling Towers, Kolkata, apart from other machineries.

Garments division

	Net sales (₹ lac)	EBIDTA (₹ lac)	Profit before tax (₹ lac)	Operating capacity (garments per day)
2011-12	3,768.12	370.43	44.91	4,000
2012-13	3,413.51	285.51	6.82	4,000

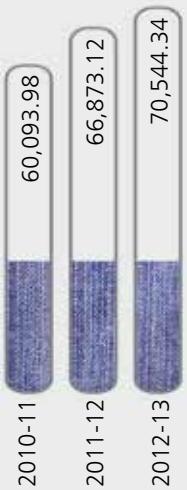
The garment division under the Company's subsidiary, Suryakiran International Limited, has an installed capacity to produce 5,000 garments per day. The division was strengthened with state-of-the-art automation to ensure a consistency in quality and productivity backed by the presence of top-of-the-line equipment sourced from Italy, Japan and Singapore. This business accounted for 4.69% of the Company's consolidated net sales in 2012-13.

Performance highlights

19.82%

3-year CAGR leading to 2012-13

Net turnover
(₹ in lac)



26.88%

3-year CAGR leading to 2012-13

EBIDTA
(₹ in lac)

91.11%

3-year CAGR leading to 2012-13

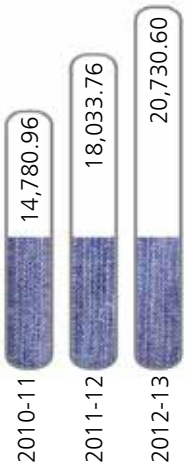
Profit after tax
(₹ in lac)

Gross block
(₹ in lac)

14.11%
3-year CAGR leading to 2012-13

Networth
(₹ in lac)

24.21%
3-year CAGR leading to 2012-13



Capital employed
(₹ in lac)

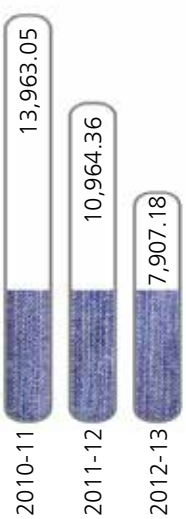
15.76%
3-year CAGR leading to 2012-13

Cash profit
(₹ in lac)

32.21%
3-year CAGR leading to 2012-13

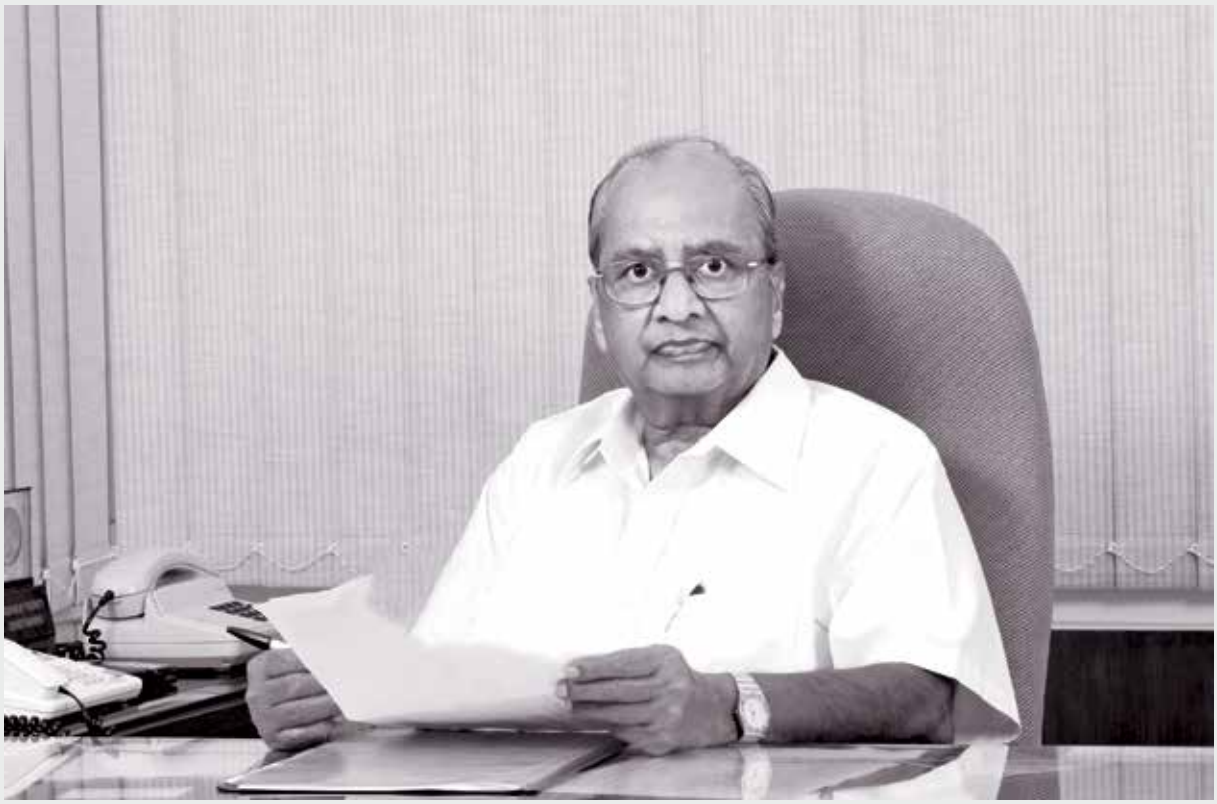
Exports (FOB)
(₹ in lac)

2.74%
3-year CAGR leading to 2012-13



EPS
(₹)

85.99%
3-year CAGR leading to 2012-13



Dear Shareholders,

Chairman's review

THE YEAR 2012-13 WAS CHALLENGING FOR THE Indian and global economies. The global economic growth hovered around 3.2% in 2012, lower than 2011 (3.9%) on account of the eurozone debt crisis, inflation and market volatility. Correspondingly, the Indian economy's growth at 5% in 2012-13 was the lowest in a decade on account of weaker growth coming out of its manufacturing, agriculture and services sectors.

Despite a challenging year, Suryalakshmi reported net sales of ₹705.44 crore in the year 2012-13 against ₹668.73 crore in 2011-12, while profit after tax increased to ₹30.36 crore in 2012-13 as against ₹28.31 crore in 2011-12. The Company's EBIDTA margin of 14.71% was 108 bps higher than in the previous year.

24% of our gross block comprised equipment less than a year old, translating into high operating efficiencies.

Challenges

The principal challenges in the Indian textile industry comprised an increase in the cost of power, raw materials and finance costs, making it increasingly difficult for the industry to compete globally.

During the last financial year, the Company incurred a 32.47% increase in its energy cost due to increases in tariff and frequent power cuts. Moreover the purchase of merchant power proved to be a more expensive proposition and an increase in FSA charge being incurred in its spinning units at Andhra Pradesh apart from high costs of power in the initial stages consequent to commissioning of its captive power plant. However, the Company's raw material costs decreased from 63.38% of net sales in 2011-12 to 59.35% in 2012-13. The textiles industry was affected by Indian finance costs being considerably higher than the global average, resulting in a high input costs and a relatively lower competitive capability.

These issues represent a serious concern for a country with a longstanding textiles tradition. If unaddressed, India stands to yield its global market share to smaller and lower cost countries from East Asia, South Asia and the Middle East.

Counter initiatives

As a Company focused on long-term competitiveness, Suryalakshmi Cotton embarked on a number of initiatives to mitigate the impact of these realities and strengthen competitiveness.

To counter ever-increasing people costs, the Company continued to invest in automated technologies that enhanced speed, quality and productivity. The result is evident in the numbers: average productivity increased from 50 metres per person in 2007-08 to 60 metres per person in 2012-13. Correspondingly, average net sales increased from ₹10.84 lac per person in 2007-08 to ₹20.42 lac in 2012-13.

To counter a relentless increase in raw material prices, the Company prudently invested in the production of value-added yarn and denim fabrics. The Company's yarn realisation increased from ₹97.57 per kg in 2007-08 to ₹152.81 per kg in 2012-13; besides, the Company's denim realisation of ₹133.79 per metre in 2012-13 was 88.68% higher than the 2007-08 average of ₹70.91.

To counter increase in the overall costs of funds within the Indian economy, Suryalakshmi Cotton selected to finance its projects with a significant proportion of accruals, mobilised concessional TUF loans and leveraged the strength of its Balance Sheet to mobilise low cost loans. Following 2008-09, the Company selected to finance all its expansion projects with 39% of networth. Concessional TUF loans accounted for 28% of all debt mobilised during the period and the average cost of externally-mobilised debt for the Company as a whole as on 31st March 2013 was 7.30% (net of subsidies), lower than the prevailing cost of finance within the Indian economy.

To enhance the perpetually squeezed margins, the Company invested in operational integration and backward integration into a 25 MW captive power plant.

To strengthen overall competitiveness, the Company graduated from low to high value-added yarns; it engaged the services of a consultant to market products in the US; it recruited an Italian design consultant to benchmark the Company's products in line with contemporary fashion trends; it widened the product basket; it strengthened customer relationships and intends to extend to Europe, Turkey and Latin America.

Outlook

At Suryalakshmi Cotton, we are optimistic of our prospects for some pertinent reasons.

We are presently in the value-added denim and yarn segments which are relatively insulated from sectoral troughs. Nearly 24% of our gross block comprised equipment less than a year old, translating into high operating efficiencies. Nearly 55% of our net sales were derived from customers who we have been working with for the last five years or more, translating into stable revenue visibility.

The sum of these initiatives is that Suryalakshmi expects to grow revenues to ₹1,000 crore in the next three years, enhancing value for all those who hold shares in the Company.

L. N. Agarwal
Chairman and Managing Director

Our business model

Suryalakshmi Cotton went into business at a time when its business segment in India was largely unorganised. The Company was created with the vision to inspire stakeholder trust through credible action.

Geographic focus

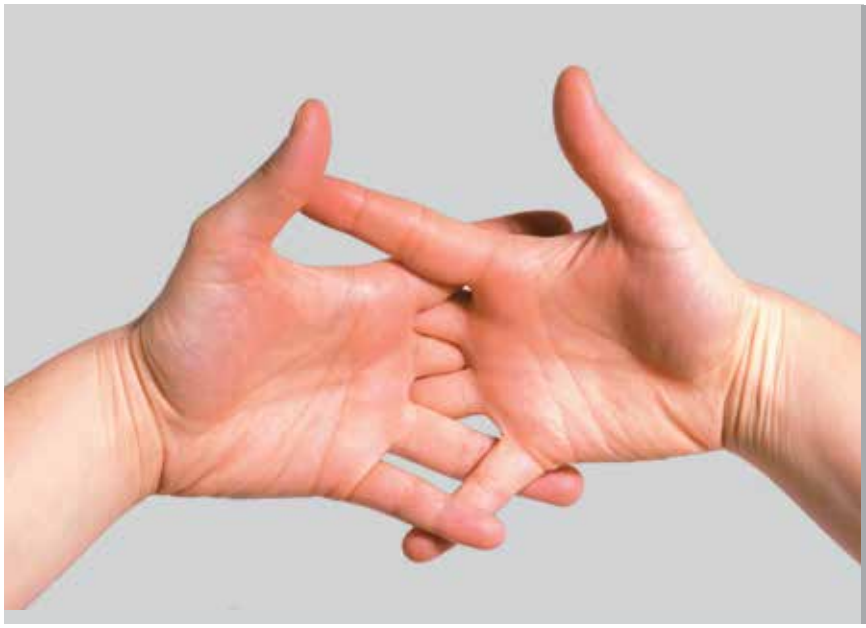
Suryalakshmi Cotton is a global company originating in and operating out of India. The Company generates 11.6% of its net sales from exports. The Company's location helps it to leverage low operating costs and access to trained manpower.

Green business

Suryalakshmi Cotton is an environmentally responsible manufacturer focused on making proactive investments across equipment, people and processes with the objective to keep effluents and emissions to well below statutory standards.

Product selection

Suryalakshmi Cotton selects to manufacture products that address distinctive downstream lifestyle trends and achieve the highest quality standard at the lowest cost in the shortest time across the widest number of varieties translating into the highest price-value proposition.



Space selection

Suryalakshmi Cotton selects to manufacture products that address either large moderately-growing spaces or nascent fast-growing applications. The Company addresses these opportunities either through the most competitive price-value propositions or customised product manufacture that takes the business of its customers ahead.

Status and scale

Suryalakshmi Cotton selects to enter niche business spaces providing it with the scope and space to emerge among the most specialised manufacturers in the country. This scope is then bolstered by proactive investments in capacities, which provide downstream customers with the confidence that it would be able to provide adequate material to service their growing needs. In turn, this investment in capacity provides the Company with attractive economies-of-scale leading to competitive manufacturing capabilities.

Integration

Suryalakshmi Cotton's business model revolves around aggressive integration where one product serves as the raw material for another product. This makes the Company competitive within its sectoral space. The Company's basket has been prudently structured with an in-built interdependence. The result is that its yarn is either consumed within to manufacture denim or marketed to customers. Besides, a 25MW captive power plant came on-stream in mid-2012 to address the power requirements of the unit, and also addressed 100% of the Company's denim division power requirements. The captive manufacturing facility makes it possible to provide customised products of the right quality at a cost considerably lower than what it would have been if it were to be sourced from outside, without the need to inventorise. Besides, this advantage also makes it possible for the Company to deliver products to customers at competitive prices. During 2012-13, the Company served as a ready customer for 75% of its raw material requirement at its denim division.

Aggressive investments

At Suryalakshmi Cotton, we believe we will endure based on our strategic long-termism. The result is progressive investments across capacity, people and technologies even during weak economic cycles. For instance, the Company invested ₹193 crore between 2008-09 and 2012-13, generally considered as the most challenging the world over in the last 80 years. This investment accounted for 34% of the Company's gross block at the close of 2012-13 with the majority of the Company's revenues derived from countries like the US, the UK, Bangladesh, and European countries.

The Company's interest cover of

3.14

was higher than the prevailing industry average, providing adequate fiscal comfort.

The Company invested ₹193 crore between 2008-09 and 2012-13, generally considered as the most challenging the world over in the last 80 years.

Relationships

Suryalakshmi Cotton selects to manufacture products marked by demanding quality characteristics, which serves as a competitive barrier for intending entrants. The Company's products address critical and precise applications, translating into customised product manufacture, liberating it from commoditisation. The intensive nature of chemistries gets reflected in longstanding vendor appraisal and engagement tenures. Conversely, a high cost of switching has resulted in enduring customer relationships. In 2012-13, nearly 55% of the Company's revenues were derived from stable client relationships lasting five years or more.

Financial discipline

Suryalakshmi Cotton recognises that the hallmark of credibility is a robust balance sheet. The Company's long-term gearing (ex-working capital) of 1.07 represents adequate balance between the Company's ability to drive growth on the one hand and provide attractive shareholder returns on the other. The cost of the corresponding debt of 7.30% (net of subsidies) was lower than the prevailing cost of loans in India by at least 100 bps. The Company's interest cover of 3.14 was higher than the prevailing industry average with adequate fiscal comfort.

The tangible results of our business model

- The Company's focus on internal efficiencies and integration enabled it to generate a growing return on capital employed (average 8.38%): from 4.90% in 2007-08 to 13.28% in 2012-13.
- As an extension of this long-term philosophy, the increments of the Company's revenues and profits have been progressively growing: net sales increased from ₹9,738 mn between FY01-FY04 to ₹10,459 mn between FY05-FY08 to ₹20,352 mn between FY09-FY12; the Company's profit after tax increased from ₹252.82 mn between FY01-FY04 to ₹484.18 mn between FY05-FY08 to ₹517.63 mn between FY09-FY12.
- International revenues increased from ₹357 mn in 2005-06 to ₹480 mn in 2008-09 to ₹1,118 mn in 2011-12.

niche and branded

In a competitive global textiles industry, companies can stay protected from revenues and margins volatility by selecting to work with prominent brands.

At Suryalakshmi Cotton, this engagement with large and prominent brands represents the cornerstone of its strategy.

Over the years, the Company has selected to work with prominent international brands like VF Corporation, Levi's, Wal-Mart, Perry Ellis, Jones International, M&S, C&A, ASDA, George, Next, Miss Sixty, Mango, Otto, Carrefour and Sainsbury, among others.

The advantage of working with these large, prominent and demanding clients is that competition at this level is relatively limited on account of the high quality standards required; besides, the space is marked by capability-led competition over price-based differentiation; the business is marked by the ability to introduce high-end innovation and solutions as opposed to mere product delivery.

The result of this strategy was evident in a challenging 2012-13: the Company's average yarn realisations strengthened 8.91% even as average denim realisations decreased 4.07% due to volatile market conditions. Validating the point that strong customer relationships represent an effective insulation from market volatility.

Weaving stronger ties.

Quality

In a competitive business environment, customers select to work with only those vendors who keep raising the quality bar, making it possible for them to deliver new generation products that carve out progressively larger market shares and revenues.

Over the years, Suryalakshmi has selected to invest in quality-enhancing equipment, processes and standards with the singular objective of driving the business of its customers.

This priority is reflected in the numbers: 55% of the Company's revenues in 2012-13 were derived from customers with enduring relationships of five years or more.

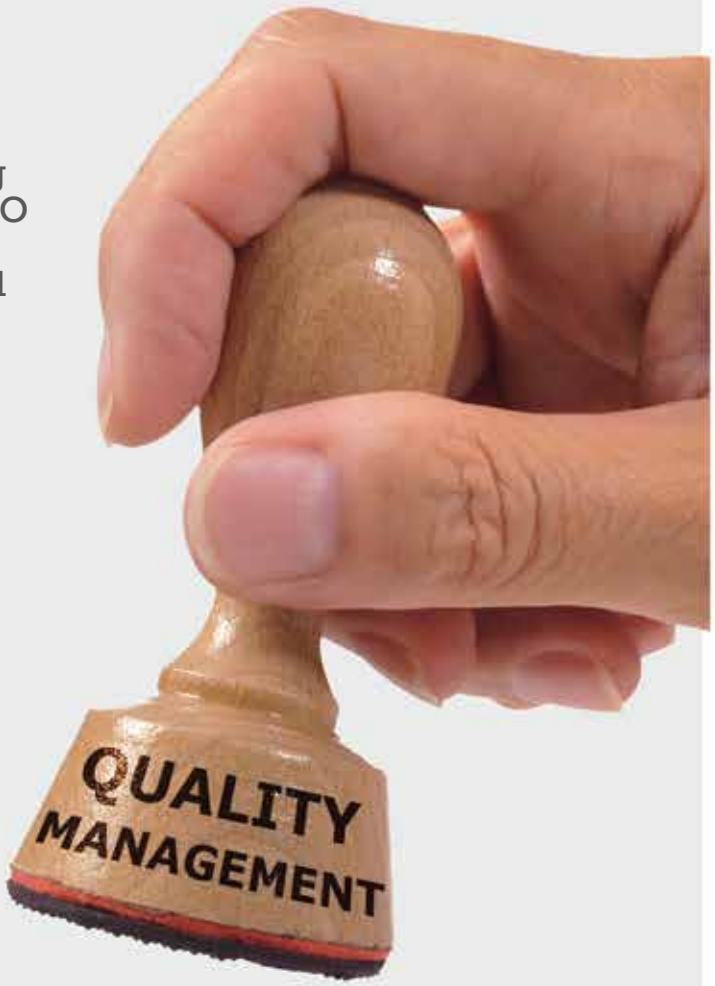
At Suryalakshmi, this is what we have to show for our quality commitment:

- Our yarn quality is at par with the Uster benchmark.
- Our denim segment invested in a well-equipped physical fabric testing lab and spinning lab with the latest testing instruments
- Our plants are approved by respected global regulatory agencies - Oeko-Tex for products manufactured by using materials certified according to Oeko-Tex Standard 100, ISO and EMS 14000 by FQC for environmental standards and BSR for social responsibility.
- Our Company invested in Trutzschler blow-room lines and cards, Reiter high-speed combers, auto-leveller and speed and ring frames; it imported Schlafhorst and Murata auto-coners as well as an Elgi Welker yarn conditioning unit.
- Our Company invested in OE spinning from Trutzschler, ring spinning from Zinser, lycra spinning from Pinter and compact spinning from RoCoS.
- Our Company invested in best-in-class automation; the Company invested in high-speed Toyota airjet weaving machines with centrally computerised weaving control.

The result is that our plants and capability rank with the best in the world while our client list is comparable with that of any prominent global yarn-fabric company, making it easier to enlist more international brands and strengthen our overall sustainability.

Weaving stronger ties.

The Company's plants are approved by respected global regulatory agencies - Oeko-Tex for products manufactured by using materials certified according to Oeko-Tex Standard 100, ISO and EMS 14000 by FQC for environmental standards and BSR for social responsibility.



55%

of the Company's revenues in 2012-13 were derived from customers with engagements extending for more than five years.

Strengths

Experience	The Company enjoys an experience of five decades in India's textile spinning and weaving sector.
Diversified product base	The Company's diversified product base addresses the requirements of customers; comprising the gamut of mercerised, coated and colour denim product range.
Proximity	The Company secured its raw material requirements through PSF sourcing arrangements with Reliance Industries and VSF from Grasim Industries; a majority of the raw cotton was sourced from within 400 kms of its plant
Focus	The Company periodically updated products to address emerging customer requirements. 80% of the Company's products comprised value-added products.
Value chain	The Company's value chain extended from yarn to denim to garments. Nearly 75% of the Company's yarn requirement for denim manufacture was produced in-house.
Environment-friendly	The Company invested in effluent management with a corresponding reuse of treated effluents. The Rochem plant was a zero-discharge unit. The Company has also invested in salt recovery evaporative crystalliser systems, electrostatic precipitation systems and ash handling systems.
Customer relationship	The Company was engaged in product development with customers, translating into engaging relationships. Nearly 55% of the Company's revenues in 2012-13 were derived from customers with engagements extending for more than five years.
Quality	The Company's yarns are benchmarked with the highest quality levels (Uster 5%); all manufacturing units were certified for ISO 9000:2000; the products were certified for Oeko-Tex Standard 100 Product Class II.
Technology	The Company invested in state-of-the-art equipment sourced from high-end manufacturers like Trutzschler, Toyota, Reed Chatwood Inc. and KTM USA, among others. Nearly 40% of the Company's spinning and weaving equipment was less than five years old as on 31st March 2012.
Economies-of-scale	The Company's yarn capacity (61,008 spindles) and denim capacity (40 million metres per annum) represented attractive economies-of-scale.
Strong clientele	The Company catered to the growing requirements of reputed brands like VF Corporation, Levis, Walmart, Perry Ellis, Jones International, M&S, C&A, ASDA, George, Next, Miss Sixty, Mango, Carrefour, Sainsbury, Mothercare, Li & Fung and Woolworth, among others.

40%

of the Company's spinning and weaving equipment was less than five years old as on 31st March 2012.

Nearly 75% of the Company's yarn requirement for denim manufacture was produced in-house.

Risk management

Risks lie at the core of every business. Their mitigation translates into success. At Suryalakshmi, we have instituted processes and controls to effectively manage our risks.

Trend-related risk	An inability to keep pace with changing fashion trends can hamper the Company's growth. Hence, the Company's dedicated team stays in regular touch with the evolving needs of downstream companies and labels. The Company creates finishes and shades in line with these emerging trends. The Company takes steps to enhance fashion contemporariness and consequently value-added products comprise 80% of the Company's revenue from the denim segment.
Raw material risk	The Company's Ramtek unit is proximate to cotton-growing pockets; most of its raw cotton requirements were sourced from within 400 kms. The Company sourced large raw cotton requirements from the Cotton Corporation of India, ensuring timely availability at a reasonable cost. The Company's polyester yarns were sourced from large organised manufacturers like Reliance Industries and Grasim.
Brand risk	The Company reinforced its quality systems and processes; 100% of the Company's looms were of the sophisticated shuttle less variety; the Company's spinning equipment was sourced from reputable companies like LMW, Murata and Batliboi, among others. The Company's products are at par with Uster standards. All its manufacturing units are certified for ISO 9000:2000. The products are certified for Oeko-Tex Standard Product Class II. The denim plant is certified by ISO and EMS 14000 by FQC for environmental standards.

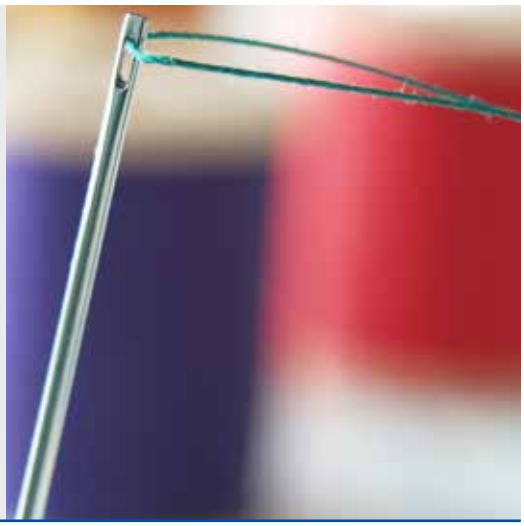
Technology risk	The Company as a matter of priority has consistently invested in purchasing state-of-the-art machinery, so as to streamline the quality of the yarns and denim fabrics manufactured by it with the best in the world. Nearly 35% of the Company's gross block was commissioned in the last five years, indicating its technological contemporariness. The Company pooled in a cumulative of ₹186 crore over the past three years, enhancing product and procedural quality.
Operational risk	The Company's 25MW thermal power plant came on stream in first half of 2012-13. The plant will play the dual role of providing the Company's captive power requirements and also leave a sizeable amount of surplus available for sale to the State Electricity Grid or via bilateral power sale contracts. The plant being located in the hinterland of coal mines will ensure a reduction in logistics costs.
Quality risk	The Company's manufacturing units are certified for ISO 9001:2000 and ISO 14000. The Company imported Schlafhorst and Murata autoconers as well as an Elgi Welker yarn conditioning unit, which resulted in the production of high quality yarn. The Company invested in the best denim manufacturing technologies to benchmark the quality of its denims with the best in the world. The Company possessed high-speed, internationally-benchmarked equipment. The Company's quality commitment is reinforced via globally benchmarked quality assurance protocols.

Business segments:

Yarn

Net sales ₹29,349.32 lac	Contribution to total sales 41.60%
EBIDTA ₹3,250.18 lac	Installed capacity 61,008 spindles
EBIDTA margin 11.07%	

Suryalakshmi is engaged in producing cotton, polyester and blended yarns in two manufacturing units in Amanagallu (Andhra Pradesh) with an installed capacity of 61,008 spindles as on March 31, 2013. The Company's key strengths lie in delivering high-quality products and proactively investing in cutting-edge spindles. The Company's products are at par with Uster standards, the global spinning benchmark. The Company's average spindle age is 6.35 years, producing optimum results.



Technology

The Company invested in cutting-edge equipment which comprised Trutzschler blow-room lines and cards, Laxmi high-speed combers, auto-leveller draw frames and speed and ring frames. The Company imported Schlafhorst and Murata autoconers as well as an Elgi Welker yarn conditioning unit, which resulted in the production of high quality yarn.

Raw materials

The Company's major production comprises synthetic blended yarn, consuming raw materials like polyester staple fibre, viscose staple fibre and raw cotton. The raw material requirement is sourced from Reliance Industries (PSF) and Grasim Industries (VSF). The Company sourced a majority of its raw materials from within 400 kms.

Initiatives

- The Company introduced high-end products and vacated the lower-end. In 2012-13, the Company increased the production of cotton, cotton polyester yarn.
- The Company hired an American consultant to market the Company's products there.
- The Company provided value-added products at competitive prices. The Company scored over the other mills through its superior value proposition.
- The Company maintained good relationships with customers and big brands, nearly 50% of who have been with the Company for nearly five years.

Outlook

- The Company expects to increase market share through better products, effective pricing and harmonious relationships.

50%

The Company maintained good relationships with customers and big brands, nearly 50% of who have been with the Company for nearly five years.

Business segments:

Denim

Net sales ₹41,195.01 lac	Contribution to total sales 58.40%	EBIDTA ₹7,591.13 lac
Installed capacity 40 million metres	EBIDTA margin 18.43%	

Suryalakshmi's state-of-the art denim unit went on stream in 1997 as a forward extension of its yarn division. The Company's volume increased from 7 million metres per annum in 1999 to 30.69 million metres per annum in 2012-13, making it the third-largest denim fabric manufacturer in India.

The vertically-integrated denim manufacturing unit follows stringent processes backed up by a skilled workforce, latest technology and stringent compliance with global environmental norms. This made it possible for the Company to engage with prominent brands like Levis, VF, Walmart, George, Kohls, Jordache Polo and DKNY. These brands have been associated with the Company for more than three years, accounting for 15% of the Company's production in 2012-13.

The Company maintained a high process and quality standard through regular manufacturing audits by customers and annual audits by certification authorities.

30.69
million metres

The Company's volume increased from 7 million metres per annum in 1999 to 30.69 million metres per annum in 2012-13.

Technology

The Company invested in OE spinning from Trutzschler, ring spinning from Zinser, lycra spinning from Pinter and compact spinning from RoCoS for the spinning unit which is integrated with the denim manufacture. For processing, the Company invested in rope dyeing from Morrison, sheet dyeing from Jupiter and finishing from KTM and Morrison

The Company invested in the best denim manufacturing technologies; for weaving, the Company invested in central computerised high-speed Toyota airjet weaving machines; it invested in a well-equipped physical fabric testing lab and a spinning lab with latest testing instruments (HVI, Uster quantum, Hunter lab and online shrinkage analyser, among others)

Raw materials

The raw material for this plant was sourced from ginning factories within 400 kms. The Company maintained a peak cotton inventory of nearly three months.

Initiatives

- The Company repositioned itself in terms of pricing. American markets recovered even as Europe was slow off the blocks and competition increased in India, Turkey and Bangladesh. Consequently the Company altered its product portfolio.
- The Company hired a design consultant from Italy and introducing new designs is a continuous process.

Outlook

- The Company plans to double its brand-centric revenues and increase exports.
- The Company will introduce new products as the US operation is becoming stronger.
- The Company intends to grow its presence in Europe and Turkey.
- The Company intends to market to brands directly and also through wholesalers and distributors.
- The Company expects to introduce new products as this business is volume and price-driven.

Financial review

	Revenue (₹ lac)	EBIDTA (₹ lac)	Profit after tax (₹ lac)	Cash profit (₹ lac)	Gross block (₹ lac)	Exports (₹ lac)	Capital employed (₹ lac)
2011-12	66,873.12	9,248.27	2,830.55	5,417.32	43,240.58	10,964.36	559,45.76
2012-13	70,544.34	10,501.61	3,036.65	6,303.48	56,664.53	7,907.18	58,387.36

Revenue analysis: Revenue from operations increased from ₹66,873.12 lac in 2011-12 to ₹70,544.34 lac in 2012-13 on the back of an increase in yarn realisations and increase in fabric sales. Other incomes declined by 12.24% from ₹969.89 lac in 2011-12 to ₹851.15 lac in 2012-13 on account of lower export incentives due to a reduction in exports.

Product-wise revenue

- **Yarn division:** Yarn division sales grew by 9.2% from ₹26,876.37 lac in 2011-12 to ₹29,349.32 lac in 2012-13 owing to an increase in average yarn realisations from ₹140.91 to ₹152.81 i.e., increase by 8.91%. Production also increased to 191.64 lac in 2012-13 from 189.61 lac in 2011-12.
- **Denim division:** The denim division reported sales growth of 3% from ₹39,996.75 lac in 2011-12 to ₹41,195.01 lac in 2012-13 due to an increase in sales volume by nearly 21 lac metres. Average denim realisations stood at ₹133.79 per metre during the year compared with ₹139.46 per metre in 2011-12.

	Yarn division		Denim division	
	Contribution to total revenue (%)	Capacity utilisation (%)	Contribution to total revenue (%)	Capacity utilisation (%)
2011-12	40.19	94	59.81	95%
2012-13	41.60	95	58.40	87%

Expenditure

Operating expenditure: Total operating expenditure increased from ₹58,594.74 lac in 2011-12 to ₹60,893.88 lac in 2012-13. Total operating cost as a proportion of revenue stood at 85.29% in 2012-13 against 86.37% in 2011-12 owing to lower raw material costs. The Company's key expenses comprised:

Raw materials: Raw material consumption stood at ₹41,866.34 lac in 2012-13 against ₹42,382.21 lac in 2011-12. Raw material costs as a proportion of total expenses declined from 72.33% in 2011-12 to 68.75% in 2012-13.

Power and fuel: This segment reported a 32.47% growth from ₹5,324.39 lac in 2011-12 to ₹7,053.40 lac owing to an increase in energy costs due to an increase in tariff, frequent power cuts, purchase of merchant power and an increase in FSA charges in its spinning units at Andhra Pradesh apart from the high cost of power in the initial stages consequent to commissioning of its captive power plant.

Employee costs: The Company strengthened its employee base, resulting in an increase in employee costs by 12.83% - from ₹3,102.92 lac in 2011-12 to ₹3,501.10 lac in 2012-13.

Margins

The Company's EBIDTA margin stood at 14.71% in 2012-13 against 13.63% in 2011-12; net profit margin stood at 4.25% against 4.17% in 2011-12.

Sourcing of funds

The total capital employed in the business increased 4.36% from ₹55,945.76 lac as on 31st March, 2012 to ₹58,387.36 lac as on 31st March, 2013 mainly due to an increase in networth utilised in new capital investments. Return on capital employed increased to 13.28% in 2012-13 against 13.25% in 2011-12 on account of an increase in net profit.

Networth grew 14.95% from ₹18,033.76 lac as on 31st March, 2012 to ₹20,730.60 lac as on 31st March, 2013, owing to an increase in reserves and surplus, which resulted from an increase in profits. Return on networth stood at 15.67% in 2012-13 against 17.25% in the previous year on account of new capital investments commissioned during second quarter of the financial year, whose full impact will only be visible in the near future.

There were 80,32,267 Equity Shares of ₹10 each fully paid-up and 4,00,000, 0.1% cumulative redeemable preference shares of ₹100 each were allotted as fully paid-up without payment being received in cash as per the restructuring package with IDBI. The redeemable preference shares were redeemed during the current financial year.

Debt management: The Company's loan portfolio decreased 0.61% from ₹35,023.82 lac as on 31st March, 2012 to ₹34,811.44 lac as on 31st March, 2013 on account of repayments of term loans. The Company repaid ₹3,890.93 lac of debt during the year under review.

Long-term loans accounted for 51.33% of the overall loan; short-term loans accounted for 48.67%.

Interest: Interest expense increased 12.32% from ₹2,980.96 lac as on 31st March, 2012 to ₹3,348.13 lac as on 31st March, 2013 on account of a mobilisation of loans for establishing the 25 MW power plant. Interest cover increased to 3.14 as on 31st March, 2013 against 3.10 in the previous year.

Application of funds

The Company's gross block increased 31.04% from ₹43,240.58 lac as on 31st March, 2012 to ₹56,664.53 lac as on 31st March, 2013. Net tangible assets increased 41.1% from ₹25,540.78 lac as on 31st March, 2012 to ₹36,040.71 lac as on 31st March, 2013 with the new power plant coming on stream. Accumulated depreciation amounted to ₹20,561.33 lac as on 31st March, 2013. Accumulated depreciation as a proportion of gross block stood at 36.29% in 2012-13 against 40.86% in 2011-12.

Capital work-in-progress: Capital work-in-progress declined from ₹9,037.71 lac as on 31st March, 2012 to ₹123.75 lac as on 31st March, 2013, owing to the successful commissioning of the power plant.

Investments: Investments declined from ₹760.36 lac as on 31st March, 2012 to ₹457.16 lac as on 31st March, 2013. Current investments stood at ₹9.19 lac as on 31st March, 2013 from ₹312.39 lac as on 31st March, 2012, with the Company withdrawing funds from mutual fund investments.

Working capital

The Company's working capital outlay increased 5.48% to ₹1,128.50 lac as on 31st March, 2013. Working capital as a proportion of the total capital employed stood at 37.17% in 2012-13 as against 36.78% over the previous year.

Trade receivables: Sundry debtors increased 13.5% from ₹10,444.91 lac as on 31st March, 2012 to ₹11,855.29 lac as on 31st March, 2013 owing to an increase in sales. The Company's receivables cycle increased from 56 days of turnover equivalent in 2011-12 to 60 days in 2012-13 owing to improved terms of trade.

Loans and advances: Loans and advances declined 7.83% from ₹2,728.82 lac as on 31st March 2012 to ₹2,515.04 lac as on 31st March 2013 owing to decrease in capital advances in view of commissioning of 25MW power plant during the financial year.

Textile industry overview

Global textiles industry: The global textiles and apparel market reached USD 662 bn in 2011 and is projected to touch USD 1,060 bn by 2021. Though the demands from developed economies slowed, the global textile and apparel industry will witness robust demand from developing economies *(Source: Technopak analysis)*.

The global textiles and apparel industry has evolved. While production largely happened across developed economies such as the US and the UK, over the last few years, manufacturing has shifted to developing economies like India, China and Bangladesh, among others, due to a robust cost arbitrage offered by these countries. Developed economies have now emerged as major consumption hubs while developing economies are still evolving as consumers.

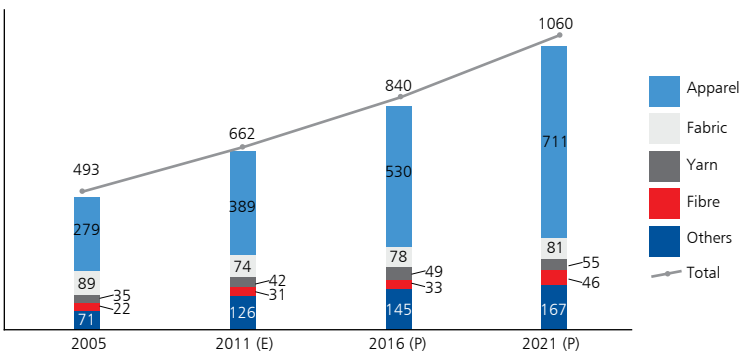
By 2021, global fibre demand is estimated to grow at a CAGR of 2% to reach USD 123 bn, while yarn demand is expected to grow at a 3% CAGR to reach USD 303 bn. In volume terms, global fibre demand is estimated to reach 63 mn tonnes while yarn demand is expected to reach 89 mn tonnes over the same period.

In terms of volumes, global fabric demand is projected to increase at a 3% CAGR to reach 477 bn sq. m and its value is projected to reach USD 477 bn by 2021. Global garment demand is estimated to reach 188 bn pieces by 2021 and its market is projected to reach USD 683 bn by 2021.

Indian textiles industry: India's total textile and apparel industry size comprising domestic and exports was estimated to be USD 89 bn in 2011 and is projected to grow at a 9.5% CAGR to reach USD 223 bn by 2021. India's textile industry largely depends upon textile manufacturing and exports.

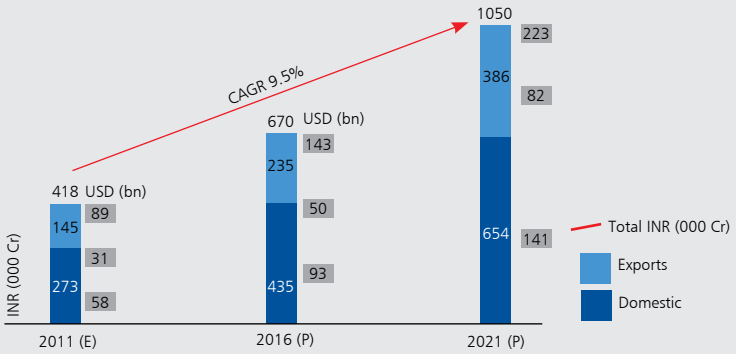
India earns about 27% of its total foreign exchange earnings through textile exports. Moreover, the domestic textile industry also contributes nearly

Global Textile and Apparel Trade *(in USD billion)*



(Source: US Comtrade, Technopak analysis)

India's textile and apparel industry size USD (bn)



14% of the total industrial production and around 4% to the country's GDP. The Indian textile and apparel sector is the second largest employment provider, next only to agro-based industries, providing employment to over 35 mn individuals.

India is one of the most competitive manufacturers of yarn, fabric and garments the world over on account of abundant raw material availability (cotton, wool, silk, jute) and relatively cost-effective workforce. Despite a large and growing market, the presence of a number of small-scale players makes the Indian textiles industry competitive, making it imperative to increase productivity and embrace innovation on a consistent basis.

Apart from demographic and economic changes, there have also been many other transformational changes that have led to a growth in aspirations of the average consumer:

- **Young population:** The median age of the Indian consumer is 26 years with the maximum population in the age bracket of 15-60 years. It is expected that India will add another 140 mn people in this age group by 2020. This is one of the lowest median ages among developing countries. This population has more aspirations, is more aware and has a higher spending propensity and will consume in greater numbers across categories than previous generations.

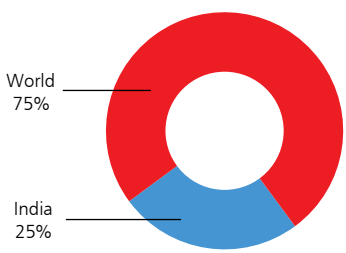
- **Higher disposable income:** According to the Indian census report, the number of households with an annual income of USD 7,000 or more is projected to treble from about 30 mn today to 100 mn by 2020. There will be approximately 400 mn individuals in the middle to high income bracket by 2020.

- **Growing media influence/exposure:** The role of technology has changed the way people receive/ share information. From social networking sites to new media, information travels rapidly. Changing lifestyles and an increasing influx of foreign brands have also influenced consumer demand and aspirations.

- **Rising 'eve' power:** With the growing importance given to a girl's education and financial independence, there has been a rise in the total number of working women. An estimated 40-50 mn working women, in the age group of 20-40 years, will be part of urban India by 2016. This financial independence leads to higher decision-making power in household and personal purchasing matters. There has thus been a surge in spending by women in categories such as apparel, grooming, personal care, hospitality and electronics.

- **Increasing 'time-poverty':** People are spending more time at offices, commuting to the workplace, on leisure and recreation, vacations, grooming and well-being and socialising, leading to limited time being available for shopping and other activities. An increasing emphasis on reducing stress and time for routine activities and maximising time spent

Area: India vs world



with families and friends has led to them looking for alternative channels of shopping. Convenience is thus the key for consumers who prefer such shopping destinations providing the convenience of a one-stop-shop.

Cotton yarn and cotton: India is the second largest producer of cotton in the world after China, accounting for about 18% of the world cotton production. It also enjoys the distinction of having the largest area under cotton cultivation in the world ranging between 12.2 mn ha and constituting about 25% of the world's area under cotton cultivation. Yield per hectare is however the lowest against the global average; however, over the last two years, India has shown promising potential to closer to the world average.

	World	India
Area in lac hectares	36.01	12.19

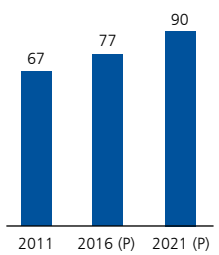
Cotton yarn production increased by about 15% during March 2013 and by about 14% during the year 2012-13. Blended and 100% non-cotton yarn production increased by 10% during March 2013 and production increased by 3% during 2012-13. The demand for blended yarn has grown faster compared with cotton and 100% non-cotton yarn. The demand for blended yarn are expected to grow at a 12.4% CAGR over the period of FY12-17 whereas cotton yarn and 100% non-cotton yarn demand is expected to grow at a CAGR of under 10%.

Global yarn demand is pegged at about 67 mn tonnes as of 2011. Global yarn production volume is projected to increase at a CAGR of 3% to reach 90 mn tonnes by 2021.

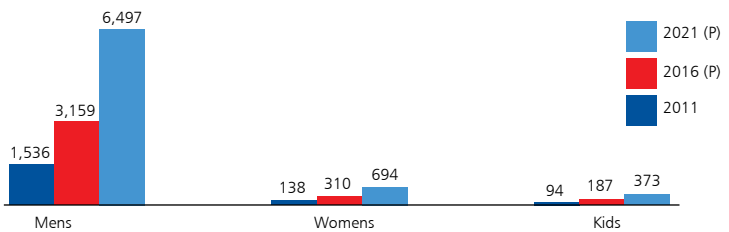
Man-made fibres (MMF): The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. Man-made fibre production recorded an increase of 2% during the year 2012-13.

Domestic MMF consumption is set to grow at a 5.8% CAGR from 2 mn tonnes in FY12 to 3.7 mn tonnes by FY17. Share of MMF in overall fibre consumption by the textile industry is expected to increase from 41% in FY11 to 45% by FY17. With this, the

Global yarn demand *(mm tonnes)*



Domestic denim market *(USD mn)*



Source: Technopak analysis

50%

The Company maintained good relationships with customers and big brands, nearly 50% of who have been with the Company for nearly five years.

Indian textile industry (predominantly a cotton-based industry) will inch towards the global benchmark where the share of MMF is dominant at about 62%. Supply-side constraints and a huge price differential between cotton and MMF prices will help the MMF industry grow its share in the overall fibre consumption pattern. Moreover, the inherent superior quality of polyester and viscose over cotton is likely to have a positive impact on its demand, especially from the technical textiles and blended yarn segments *(Source: IBEF).*

The denim industry: The Indian denim market currently stands at approximately USD 1,800 mn, with a majority share going to the men's wear segment. The share of women's wear in denim is much less due to a lower presence in rural India. However this share is rising fast and is expected to grow at a CAGR of 17% to reach USD 700 mn by 2021 *(Source: Technopak).*

In India, denim demand has been growing at a phenomenal pace. Around five years ago, the annual production capacity was pegged at 600 mn metres and today it is valued at 1,000 mn metres. Over the past two years, the Indian denim industry has witnessed an increase in capacity of about 200-250 mn metres. New players have come in and existing players have expanded their operations. By 2015, the production capacity is expected to grow and reach around 1,200 mn metres.

Key growth drivers

- **Rising income levels:** India's per capita income, a gauge for measuring evolving living standards, is estimated to have increased by 11.7% to ₹5,729 per month in 2012-13 (at current prices) compared with ₹5,130 in the previous fiscal *(Source: Central Statistics Office).*

Increasing private consumption levels signals higher expenditures on clothes, entertainment and luxury.

- **Organised retail:** The overall retail market contributes to 14% of India's GDP in 2012 and is expected to grow to 24% by 2020. About 83% of the Indian readymade garments and apparel market is unorganised and 17% is organised, the latter's share is forecasted to increase in the coming years. Rapid urbanisation, modernisation, influx of foreign brands, rapid emergence of malls in metro cities, the need for better retail experience, increasing incomes, changing lifestyle patterns and rising brand and image consciousness has infused growth in the organised retail segment.

- **Corporate workforce:** In 2010, around 757 mn people, or 63% of the total population, represented the working population, which is expected to grow to 875 mn by 2020. A growing corporate workforce with an increasing number of women workers, and increasing compliance amongst corporate houses, has catalysed spending on apparels and formal wear.

- **Age profile:** The median age of India's population is 26.5 years, signifying that a majority of the population comprises the youth. A majority of demand for garments comes from young people. Going ahead, around 76% of the population is projected to be below 45 years by 2016 and 65% of them will be in the age bracket of 15-45 years.

NOTICE

NOTICE is hereby given that the 50th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on **Saturday, the 28th September, 2013 at "Triveni" Hotel Kamat Lingapur, 1-10-44/2, Chikoti gardens, Begumpet, Hyderabad 500016 at 10.30 a.m.** to transact the following business.

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2013 and Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity shares of the Company for the year ended 31st March, 2013.
3. To appoint a Director in the place of **Dr. Akkineni Nageswara Rao** who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of **Mr. R S Agarwal** who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

6. 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 49th Annual General Meeting held on 29.09.2012 and subject to the provisions of sections 198, 255, 269, 309, 314 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to the revision in the remuneration payable to Sri H.L.Ralhan as Director and Chief Executive –Denim Division for the remaining period of the term of his employment i.e. from 01.07.2013 to 29.01.2016 as under:

a) Basic Pay and Allowances at ₹2,56,410/- per month.

b) Medical reimbursement and Leave Travel Allowance as per Company's rules.

In addition to the above Sri H.L.Ralhan shall be entitled to the following perquisites.

CATEGORY – A

i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY – B

i) The Company shall provide a Car with driver and a telephone at the residence.

(ii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

There shall be no other change in the terms of appointment as approved in the aforesaid resolution passed in the 49th Annual General Meeting of the Company.

"RESOLVED FURTHER THAT Sri H.L. Ralhan when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Director and Chief Executive , Denim Division and such reappointment shall not be deemed to constitute a break in his appointment as Director & Chief Executive, Denim Division.

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Sri H.L. Ralhan be paid the above remuneration as minimum remuneration subject to provisions of Paragraph 1(A) of Section II, Part II of Schedule XIII of the Companies Act, 1956."

By order of the Board

SECUNDERABAD
16.05.2013

E.V.S.V. SARMA
Company Secretary

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

ITEM NOS 3 & 4

Reappointment of Retiring Directors

As required by clause 49 of the Listing Agreement on corporate Governance particulars of the Directors being reappointed are provided hereunder:

ITEM NO 3

Dr. Akkineni Nageswara Rao :

Dr. Akkineni Nageswara Rao, is a 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.

Names of the companies in which he is a Director.

1. Suryajyothi Spinning Mills Ltd.
2. Suryavanshi Spinning Mills Ltd.
3. Annapurna Studios Pvt. Ltd.
4. Akkineni Arts Academy Pvt. Ltd.
5. Prasad Media Corporation Pvt. Ltd.

No. of shares held by Dr Akkineni Nageswara Rao in the Company – 666.

ITEM NO 4

Sri R S Agarwal :

Sri R S Agarwal, B.Sc, B.E. (Chemical Engineering) started his career in 1965 and after serving in various capacities with a leading paper mill of Northern India for nine years and with Industrial Development Bank of India (IDBI) for 28 years, retired as Executive Director of IDBI.

Names of the companies in which he is a Director.

1. Elegant Marbles & Granites Industries Ltd.
2. Ramco Industries Ltd.
3. Ramco Systems Ltd.
4. Suryalata Spinning Mills Ltd.
5. Madras Cements Ltd.
6. Videocon Industries Ltd.
7. GVK Jaipur – Kishangarh Expressway (P) Ltd.
8. Liberty Videocon General Insurance Co. Ltd.
9. Raghuveer Urban Construction Co. Pvt. Ltd.

No. of shares held by Sri R S Agarwal in the Company – 475.

ITEM NO.6

SRI H.L.RALHAN

Sri H.L.Ralhan was reappointed as a Director and Chief Executive Denim Division with effect from 30.01.2011 on a remuneration of Rs. 1,95,000/- per month PLUS perquisites. His remuneration was revised on 29th September, 2012 w.e.f.1st April, 2012. The Board of Directors in their meeting on 16.05.2013 felt this remuneration needs to be revised with effect from 01.07.2013 to Rs.2,56,410/- p.m. plus perquisites considering the various relevant factors. This proposed revision has been approved by the Remuneration Committee in its meeting held on 16.05.2013.

Except Sri H.L.Ralhan no other Director is interested in this resolution. The above resolution may be treated as an abstract of revision of appointment of Sri H.L. Ralhan u/s 302 of the Companies Act, 1956.

No. of shares held by Sri H.L.Ralhan in the Company – 650.

By order of the Board

SECUNDERABAD
16.05.2013

E.V.S.V. SARMA
Company Secretary

NOTES :

1. The register of members and share transfer books will be closed from 21st September, 2013 to 28th September, 2013 (both days inclusive) for the purpose of Annual General Meeting and Dividend.

2. **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.**

3. Proxies in order to be effective must be received by the Company not less than 48 hours before the 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	31.07.2006	06.09.2013
2009 - 2010	29.09.2010	05.11.2017
2010 - 2011	28.01.2011	06.03.2018
2010 - 2011	29.09.2011	05.11.2018
2011 - 2012	29.09.2012	05.11.2019

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/Debentures/Fixed Deposits in a Company. Accordingly, members can avail the facility of nomination in respect of their 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 Exchanges at Mumbai and on the National Stock Exchange and the Company has paid upto date all the listing fees to these exchanges.

8. Members are requested to notify immediately any change in their addresses to the Company.

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

Board of Directors

L N Agarwal, *Chairman and Managing Director*

Sri L.N.Agarwal has vast experience in all facets of cotton and synthetic textile industry spanning over five decades. He is the Chairman and Managing Director of the Company and floated the flagship Company Suryalakshmi Cotton Mills Limited in 1962. He was instrumental in floating the other Companies viz., Suryavanshi Spinning Mills Limited, Surya Jyothi Spinning Mills Limited and Suryalata Spinning Mills Limited.

Paritosh K Agarwal, *Managing Director*

Sri Paritosh K Agarwal, a graduate, is the Managing Director of the Company. He has adequate exposure in all the aspects of textile industry having acquired hands on experience in marketing, exports and production in the group Companies. He played a major role in setting up the Denim Division and building up the export business of the Company and has extensively travelled abroad and acquired deep knowledge of the international markets.

R. Surender Reddy

Sri R. Surender Reddy has wide experience in business and politics. He was a Member of Parliament for four terms and was also a Member of Legislative Assembly (Andhra Pradesh) for four terms. He was also on the Boards of Andhra Bank and A.P. State Financial Corporation. He has been the Chairman of Hyderabad Race Club for several years and is very well known in corporate circles.

Dr. Akkineni Nageswara Rao

Dr. Akkineni Nageswara Rao is a Cine Artiste of international reputation who has been honoured with a Dada-Saheb Phalke Award and Padma Vibhushan by the Government of India. He is a very well respected person in the Culture and Arts Circles and also has wide experience in industry and commerce.

Navrang Lal Tibrewal

Sri Navrang Lal Tibrewal is an Advocate by profession and was appointed as a Judge of the Rajasthan High Court in 1990. He was appointed as the acting Chief Justice of Rajasthan High Court in May, 1998 and was subsequently appointed as the Acting Governor of Rajasthan and he retired as such in January, 1999.

R. S. Agarwal

Sri R. S. Agarwal is a Chemical Engineer by profession and was with Industrial Development Bank of India for nearly three decades and has retired as Executive Director in October, 2002. He has extensive experience and wide knowledge in the field of Project Finance.

H. L. Ralhan

Sri H. L. Ralhan is the Chief Executive of the Company's Denim Division and has been instrumental in its setting up and growth. He is a Textile Technologist by profession.

Kumar Neel Lohit

Sri Kumar Neel Lohit, 44 yrs is M.A., M.Phil (Economics) from JNU, Masters in Financial Management (NMIMS); PGDFERM; MBA in Global Banking (Birmingham Business School, UK). After working as a Lecturer in Delhi University for 4 years and in SIDBI, he joined IDBI Bank Limited in 1996 and he is now the General Manager since 2009. He has handled various portfolios in IDBI Bank Ltd viz., Research, Corporate Communication, Retail Banking, Rehabilitation Finance and Corporate Banking.

Directors' Report

To
The Members

Your Directors are pleased to present their Fiftieth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2013.

FINANCIAL RESULTS

(₹ In Lakh)

	2012-2013		2011-2012	
Gross Profit before Interest & Depreciation		10783.53		9248.27
Less : Interest	3348.13		2980.96	
: Depreciation & Amortisation expense	2909.71	6257.84	2456.51	5437.47
Profit/(Loss) before prior year Adjustment		4525.69		3810.80
Exceptional Items *		281.92		-
Profit before tax for the year		4243.77		3810.80
LESS : Provision for Income Tax for the year		850.00		850.00
LESS : Deferred tax liability		357.12		130.25
Profit / Loss after tax		3036.65		2830.55
ADD : Profit brought forward from last year		5633.14		3525.11
		8669.79		6355.66
Dividend on Preference Share Capital		-		0.49
Dividend on Equity Share Capital		290.45		363.06
Corporate Dividend Tax		49.36		58.97
Transferred to General Reserve		310.00		300.00
Profit transferred to Balance Sheet		8019.98		5633.14
		8669.79		6355.66

- Exceptional item includes provision for FSA charges for the year 2010-11; 2011-12 and Sales Tax subsidy received for the year 2007 - 08 to 2009 – 10.

OPERATIONS

The Net sales for the year at ₹705.44 crore shows a modest increase of 5.5% over the previous year. The profit before tax at ₹42.44 crore has registered an increase of 11.36% over the previous year. The production in spinning and denim divisions has shown marginal increase over the previous year. The average yarn realisation in the domestic market at ₹153.22 per kg is marginally higher at 7%, while PV yarn has shown a higher increase of 10%. In the Denim division both the domestic and the export realization have been marginally lower compared to the previous year. While the domestic market has seen a decent increase of 18% in volume, exports have been significantly lower by about 33%.

The Cotton rates have been lower in the year while PSF

and VSF have been more or less steady in the spinning division. In the Denim division the cotton has been cheaper by around 15%. The 25 MW Captive Power Plant has been commissioned and the denim division is drawing power from the Power Plant and the Company has entered into an agreement with MSEDCL for supply of power for three months till July 2013. The cost of power in the spinning division continues to be high on account of purchase from the 3rd parties and the production has also been affected due to power cuts. The net profit after tax at ₹30.36 crore would have been much higher but for the high cost and also shortage of power in A.P.

DIVIDEND

The Directors are pleased to recommend a Dividend of 20% i.e. ₹2.00 per share (previous year ₹2.50 per share). The Directors' have, keeping in mind, the heavy repayments during the year 2013 – 14 and also the need to conserve resources for future expansion lined up by the Company recommended the dividend of ₹2.00 per share.

CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of ₹45.91 crore.

POWER PLANT

The Company has at present entered into an agreement for three months for supply of power to MSEDCL. The current year's operations of the power plant has naturally resulted in some additional cost which is expected to be streamlined shortly. With the conclusion of the agreements for regular supply of power, and utilizing the corridor for supplying the Captive Power to Amanagallu unit and commencement of coal supplies from Western Coal Fields, the future for the power plant is expected to be quite bright.

EXPORTS

The current year's exports at ₹81.80 crore is lower than the previous year on account of the economic slow down in European and American markets.

MERGER

The Company proposes to merge the Subsidiary company Suryakiran International Limited with itself to effect a complete forward integration of Denim into the garmenting facility and to reap several administrative advantages like simpler reporting, simplified compliance requirements etc. The Company is in the process of taking the necessary steps in this direction.

FUTURE OUTLOOK

The Textile Industry has been adversely affected by the serious economic slow down in the global markets. The industry is now on a gradual recovery phase. The uncertainity in the demand for garments still continues while there is excess supply in the denim segment. The Company has not been however very seriously affected as it is operating in the high end segment. The Company hopes to significantly increase its exports and brand business with some strong and aggressive products and also add new markets to increase volumes.

DIRECTORS

During the year Sri V S V Rao, has been withdrawn by IFCI Ltd as its Nominee Director. Sri R.S. Vidyasagar has been withdrawn by IDBI Bank Ltd as its Nominee Director and Sri K Neel Lohit has been Nominated as its nominee in his place.

Dr. A Nageswara Rao and Sri R S Agarwal will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

As per the revised Clause 49 of the Listing Agreement on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report. Further, a separate report on the Corporate Governance together with the Certificate from the Auditors of the Company regarding

compliance of the Corporate Governance also forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

1. 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, 2013 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 Auditors M/s. Brahmayya & Co, retire at the ensuing Annual General Meeting and are eligible for reappointment.

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

There are no overdue deposits as on March 31, 2013

EMPLOYEES

Periodic Training programmes for developing a skilled workforce, personality development programmes, yoga camps, etc., encouragement of employee participation in district / state level sports events are regularly undertaken.

An integrated woman focused program trains unskilled women to undertake skilled jobs at its units.

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure – II.

ACKNOWLEDGEMENTS

The Board of Directors are pleased to place on record their appreciation of the cooperation 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.

By Order of the Board

Date : 16.05.2013
Place : Secunderabad

L.N.AGARWAL
Chairman & Managing Director

Annexure I to Directors' Report

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 one of the lowest in the industry.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy –

(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

(₹ In Lakh)

A.	Power & Fuel Consumption	2012-2013	2011-2012
1	ELECTRICITY		
a)	Purchased	92481	89903
	Units(000)		
	Total amount(₹ lakh)	6074	4237
	Rate/Unit(₹)	6.57	4.71
b)	Own Generation		
	Units(000)	34	27
	Unit per ltr. of Diesel Oil	2.93	2.91
	Cost/Unit(₹)	15.51	16.17
2	COAL(₹in lakh)	861	875
3	FURNACE OIL		
4	INTERNAL GENERATORS	5	4
5	OTHERS / L P G etc.,	113	207
B.	Consumption per Unit of Production		
	Electricity (No. of Units)		
	Per kg/Yarn	2.09	2.10
	Per metre/Fabric	1.71	1.72
	Furnace Oil	-	-
	Coal(specify Quality)	-	-
	Others (specify)	-	-
	Grand Total	7053	5324

A. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption as per Form B:

FORM - B

B. Form for disclosure of particulars with respect to absorption

Research and Development (R&D):

1. Specific areas in which R & D carried out by the Company.	:	The Company is having R & D in introduction and development of value added products.
2. Benefits derived as a result of the above R&D	:	New value added products were developed.
3. Future plan of action	:	To further develop more value added products and improve the quality of the products.
4. Expenditure on R & D		
(i) Capital		₹20,51,078
(ii) Recurring		₹83,30,035
(iii) Total		₹103,81,113
(iv) Total R&D expenditure as a percentage of total turnover		0.15%

Technology absorption, adaptation and innovation

1. 1.Efforts, in brief, made towards technology absorption, adaptation and innovation	:	The Company is having R & D in introduction and development of value added products.
2. Benefits derived as a result the above efforts, e.g., improvement, cost, reduction, product development, import substitution, etc.	:	New value added products were developed.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.	:	To further develop more value added products and improve the quality of the products.
(a) Technology imported		Nil
(b) Year of import		Not applicable
(c) Has technology been fully absorbed		Not applicable
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action		Not applicable

C. Foreign Exchange Earnings and Outgo :

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for production and service and export plans.	:	The Company is having R & D in introduction and development of value added products.	
g) Total foreign exchange used and earned	:	2012 – 2013	2011 - 2012
(i) Foreign Exchange Earned	:		
FOB Value of Exports		7907	10964
CIF Value of Exports		8180	11180

(ii) Foreign Exchange Used			
a) Commission on export sales	:	101	80
b) Foreign Travel Expenses	:	16	19
c) Raw material	:	1240	24
d) Plant / Machinery & Others	:	231	2673
e) Stores & Spares	:	1334	1170
f) Repayment of loans	:	332	-
g) Interest	:	179	77
h) Product Development Exp.	:	-	-
i) Foreign Technical and			
Consultancy services	:	47	34

Annexure II to Directors' Report

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010.

Name	Age	Qualification	Date of Employment	Designation	Remuneration (₹)	Experience	Last Employment
Sri L. N. Agarwal	79	Under graduate	22.06.2009	Chairman & Managing Director	89,07,400	52 Years	Chairman & Managing Director, Suryalakshmi Cotton Mills Limited
Sri Paritosh K. Agarwal	40	Graduate	21.06.2010	Managing Director	75,68,500	20 Years	Executive Director, Suryalakshmi Cotton Mills Limited

NOTE: Remuneration as shown above includes Salary, Commission, Company's contribution to Provident Fund, Reimbursement of Medical Expenses, Leave Travel Assistance and other perquisites.

Management discussion and analysis

FORMING PART OF THE ANNUAL REPORT DISCUSSES BELOW THE FOLLOWING MATTERS WITH REFERENCE TO THE COMPANY'S CORE BUSINESS VIZ., YARN AND DENIM.

Industry structure, development and product wise performance

The Company manufactures Cotton, Polyester and Blended Yarns in its Spinning Division at Amanagallu in Mahabubnagar District, Andhra Pradesh and Denim Fabric at its Denim Division at Village Nagardhan, near Ramtek, Maharashtra.

Textile Industry has an overwhelming presence in the economic life of the country. It contributes about 14% to industrial production 4% to the GDP and 17% to the country's foreign exchange earnings, and is the largest employer, next only to agriculture providing direct employment to about 35 million people. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms / hosiery and knitting sector forms the largest section of the Textile sector. The yarn industry comprises 3102 mills (including SSI) with installed spindleage of about 48.66 million. Three Fourths of the production in the spinning industry is from the private sector and the balance from the Cooperative / Public Sector units. The total capacity for Denim in India is about 900 million meters and there are about 30 players in the Denim market.

Yarn

India has emerged as a major outsourcing destination for buyers from all over the globe. Export of textiles and clothing product from India has increased steadily in the post quota period. The Textile industry has always lived with cyclical ups and downs but in the recent past it has been facing an unprecedented crisis because of the serious economic slow down in global markets, volatility in the European markets, leading to a fall in Exports, the huge fluctuation in fibre prices during 2010 – 11 and deceleration. However the sector is on a gradual recovery phase in the domestic market and exports have also started picking up. It is interesting to note that the Textile industry in the country has been finding the domestic market more attractive than the export market in the recent years. The imports of textile products from India and U.S. has declined by around 2% with the garments contributing the maximum proportion. Therefore it makes economic sense for the textile companies to look towards the domestic market than the exports. The improvement in the cotton yarn prices and the rupee depreciation have contributed to the enhanced competitiveness of the textile companies in the year 2012 -13. In spite of this, many textile companies have started reporting losses. The increased difficulties of the textile companies in complying with the environment sustainment objective without making themselves uncompetitive in the international market and compliance with the rigorous labour laws are posing severe challenges to the textile companies. The uncertainity in demand for garments has complicated the demand scenario for yarns and what is worse is the garments industry does not expect immediate recovery either in domestic or exports.

Denim

Originally Denim was made into work clothing overalls and Jeans but presently it is used for everything like purses to skirts and other fashionable clothing. Denim has become a symbol of modeling and modern culture.

The Denim capacity is presently around 900 million meters per annum and further expected to increase, with the slow down in the European and U.S. markets. This capacity level is leading to a glut in the denim market in the country.

Many companies have shifted gear from exports to domestic as the market segment is still growing while the international market is slowing down. Many denim manufacturers have created new features like functional denims. The Company however is continuously moving up the value chain and is increasingly selling its products to brands and to direct buyers to counter any negative fall out in this situation. The fall in

the denim exports from China has helped the Indian industry. India is able to still export to Bangladesh in spite of the increase in the garmenting capacity in Bangladesh. The demand for denim is refining gradually with certain fashion trends like superior shades, finishings, printing and in painting. Denim exports were down on account of severe competition. The Company plans to increase exports significantly in the brand business by aggressive marketing of the high end products.

Opportunities and threats, risks and concerns

The Textile Industry, apart from its cyclical nature, is also subject to the vagaries of monsoon as it is dependent on the agro based raw material namely cotton. The Government policy on import duties and export of textile products also adds to the uncertainities for the industry. The Indian industry is also to contend with the aggressive capacity build ups in Bangladesh, Africa etc. However, the Government has been very much alive to the problems faced by the industry and has also addressed the slow down in the textile sector by proposing a debt restructuring package and continuance of TUFS and various other initiatives. The Company also believes in its ability to cater to the high end segment of the denim market and its continuing efforts in innovation.

Internal Control Systems and their adequacy

The Company has an adequate internal control system commensurate with the size and complexity of the organization. The Company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the Company and also upgraded the IT support systems. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

Material Developments in Human Resources / Industrial Relations Front, including number of people employed :

There are no material developments in the Human Resources area. The industrial relations have been generally satisfactory. The Company constantly reviews the man power requirements and has a properly equipped Department to take care of the requirements. The total number of people employed by the Company is 3454.

Discussion on financial performance

OPERATIONS

The Net sales for the year at ₹705.44 crore shows a modest increase of 5.5% over the previous year. The profit before tax at ₹42.44 crore has registered an increase of 11.36% over the previous year. The production in spinning and denim divisions has shown marginal increase over the previous year. The average yarn realisation in the domestic market at ₹153.22 per kg is marginally higher at 7%, while PV yarn has shown a higher increase of 10%. In the Denim division both the domestic and the export realization have been marginally lower compared to the previous year. While the domestic market has seen a decent increase of 18% in volume, exports have been significantly lower by about 33%.

The Cotton rates have been lower in the year while PSF and VSF have been more or less steady in the spinning division. In the Denim division the cotton has been cheaper by around 15%. The 25 MW Captive Power Plant has been commissioned and the denim division is drawing power from the Power Plant and the Company has entered an agreement with MSEDCL for supply of power for three months till July 2013. The cost of power in the spinning division continues to be high on account of purchase from the 3rd parties and the production has also been affected due to power cuts. The net profit after tax at ₹30.36 crore would have been much higher but for the high cost and also shortage of power in A.P.

NOTE :

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, etc., which are valid only at the time of making the statements. A variety of factors known/unknown, expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions.

Readers may therefore appreciate the context in which these statements are made before making use of the same.

Corporate Governance Report

1. Brief statement on Company's philosophy on code of governance.

Suryalakshmi's Corporate culture has meant working always proactively to meet the expectations of its customers, shareholders, employees, business associates, the society at large and in complying with the dictates of the regulatory frame work both in letter and spirit. The Company believes Corporate Governance is an effective instrument for realisation of this corporate aim and accordingly endeavors to function with integrity in a transparent environment.

2. BOARD OF DIRECTORS :

a) Composition and category of directors as on 31.03.2013 / Number of other Board of Directors or Committees of which Member / Chairman.

Name of the Director	Category	No. of other Directorships in Public Limited Companies	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
L. N. Agarwal	Chairman & Managing Director– Promoter/ Executive	1	NIL	NIL
Paritosh K. Agarwal	Managing Director – Promoter/ Executive	1	NIL	NIL
R.Surender Reddy	Non-Executive – Independent	6	2	7
Dr. A. Nageswara Rao	Non-Executive – Independent	2	6	1
Navrang Lal Tibrewal	Non-Executive – Independent	2	NIL	NIL
R. S. Agarwal	Non-Executive – Independent	7	4	2
H. L. Ralhan	Executive – Non-promoter	NIL	NIL	NIL
Kumar Neel Lohit	IDBI Bank Ltd. Nominee, Non-Executive – Independent	1	NIL	NIL

b) Attendance of each Director at the Board of Directors Meeting and the last Annual General Meeting.

Name of the Director	No. of Board Meetings attended during the period 1st April, 2012 to 31st March, 2013	Attendance at the last Annual General Meeting held on 29/09/2013
L. N. Agarwal	4	Present
Paritosh K. Agarwal	4	Present
R. Surender Reddy	3	Present
Dr. A. Nageswara Rao	4	Absent
Navrang Lal Tibrewal	4	Absent
R. S. Agarwal	4	Present
H. L. Ralhan	2	Absent
K Neel Lohit	1	Absent
R S Vidyasagar	2	Absent
V S V Rao	3	Absent

Reappointment of retiring Directors

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

Dr. Akkineni Nageswara Rao :

Dr. Akkineni Nageswara Rao, is a 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.

Names of the companies in which he is a Director.

1. Suryajyothi Spinning Mills Ltd.
2. Suryavanshi Spinning Mills Ltd.
3. Annapurna Studios Pvt. Ltd.
4. Akkineni Arts Academy Pvt. Ltd.
5. Prasad Media Corporation Pvt. Ltd.

Sri R S Agarwal :

Sri R S Agarwal, BSc, BE (Chemical Engineering) started his career in 1965 and after serving in various capacities with a leading paper mill of Northern India for nine years and with Industrial Development Bank of India (IDBI) for 28 years, retired as Executive Director of IDBI.

Names of the companies in which he is a Director.

1. Elegant Marbles & Granites Industries Ltd.
2. Ramco Industries Ltd.
3. Ramco Systems Ltd.
4. Suryalata Spinning Mills Ltd.
5. Madras Cements Ltd.
6. Videocon Industries Ltd.
7. GVK Jaipur – Kishangarh Expressway (P) Ltd.
8. Liberty Videocon General Insurance Co. Ltd.
9. Raghuveer Urban Construction Co. Pvt. Ltd.

3. AUDIT COMMITTEE:

a. Brief description of terms of reference

i. Oversight of Company's financial reporting process and disclosure of financial information.

ii. Review of financial statements before submission to Board.

iii. Review of adequacy of internal control systems and internal audit functions.

iv. Review of Company's financial and risk management policies.

b. Composition, name of members and Chairperson

1.	Sri R. Surender Reddy	-	Chairman, Non-Executive & Independent
2.	Sri N L Tibrewal	-	Member, Non-Executive & Independent
3.	Sri R. S. Agarwal	-	Member, Non-Executive & Independent
4.	Sri R S Vidyasagar (Nomination withdrawn by IDBI Bank Ltd. w.e.f. 12.01.2013)	-	Member, IDBI Nominee & Independent
5.	Sri K Neel Lohit (Nominated by IDBI Bank Ltd. w.e.f. 30.01.2013)	-	Member, IDBI Nominee & Independent

c. Meetings and attendance during the year

During the financial year ended March 31, 2013 - Four Audit Committee Meetings were held on 17.05.2012, 21.07.2012, 27.10.2012 & 02.02.2013

Name	No. of the Meetings attended
R. S. Agarwal	4
R. Surender Reddy	3
R. S. Vidyasagar	2
N L Tibrewal	4
K Neel Lohit	1

4. REMUNERATION COMMITTEE

a) Brief description of terms of reference.

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the Executive Directors.

b) Composition, Name of members and Chairperson

1.	Sri Navrang Lal Tibrewal	-	Chairman, Non-Executive & Independent
2.	Sri R. S. Agarwal	-	Member – Non -executive – Independent
3.	Sri R S Vidyasagar	-	Member – Non-executive - Independent (Nomination withdrawn by IDBI w.e.f. 12.01.2013)
4.	Sri K Neel Lohit (w.e.f. 30.01.2013)	-	Member – Non-Executive - Independent (IDBI Nominee Director)

c) Attendance during the year

During the financial year March 31, 2013, one Remuneration Committee Meeting was held on 17.05.2012.

d) Remuneration policy

To periodically review the remuneration package of whole time Directors and recommend suitable revision to the Board.

e) Details of remuneration to all the Directors, as per format in main report.

(During 01.04.2012 to 31.03.2013)

Name of the Director	Designation	Salary & Commission (₹)	Perquisites (₹)	Total (₹)
Sri L N Agarwal	Chairman & Managing Director	72,00,000	17,07,400	89,07,400
Sri Paritosh K Agarwal	Managing Director	63,00,000	12,68,500	75,68,500
Sri H.L.Ralhan	Director & Chief Executive (Denim Division)	27,72,000	4,06,749	31,78,749

Sitting Fees

Name of the Director	Designation	Amount (₹)
Sri R.Surender Reddy	Director	25000
Sri Navrang Lal Tibrewal	Director	32500
Dr. A.Nageswara Rao	Director	20000
Sri R.S.Agarwal	Director	32500
Sri Kumar Neel Lohit	Nominee – IDBI Bank Ltd.	7500
Sri R S Vidyasagar	Nominee – IDBI Bank Ltd.	17500
Sri V.S.V.Rao	Nominee (IFCI Ltd.)	20000

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions in the respective resolution passed by the Members in the General Meetings, which do not provide for severance fees.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

a) Name of Non-Executive Director heading the Committee

Sri Navrang Lal Tibrewal

b) Name and designation of Compliance Officer.

Sri E.V.S.V.Sarma, Company Secretary.

c) Number of Shareholders Complaints received so far.

No. of Complaints received for the 4th Quarter - 20 Nos.

No. of Complaints received for the Year ended 31st March 2013 – 36 Nos.

d) Number not solved to the satisfaction of shareholders

NIL

e) Number of pending share transfers.

NIL

6. GENERAL BODY MEETINGS:

a) Location and time, where last three AGMs held.

Financial Year	Date	Venue	Time
2009-2010	29/09/2010	Rajdhani Hall, 1st Flr, Lions Bhavan Behind LIC & HDFC Bank, Near Paradise Circle, S.D. Road, Secunderabad-3	10.30 AM
2010-2011	29/09/2011	"Triveni" Hotel Kamat Lingapur, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500 016.	10.30 AM
2011-2012	29/09/2012	"Triveni" Hotel Kamat Lingapur, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500 016.	10.30 AM

b) Special resolutions passed at the last 3 Annual General Meetings

1. At the AGM held on 29.09.2010 –
   i. Revising the remuneration to Sri L N Agarwal.
   ii. Revising the remuneration to Sri Paritosh K Agarwal
   iii. Resolution giving consent to holding of Office or place of profit by Mrs. Padmini Agarwal.
   iv. Revising the remuneration payable to Sri H L Ralhan.
2. At the AGM held on 29/09/2011 –
   i. Reappointment of Mr. H L Ralhan as Director and Chief Executive – Denim Division.
3. At the AGM held on 29/09/2012 –
   i. Revision in the remuneration payable to Mr H.L. Ralhan as Director and Chief executive – Denim Division.
   ii. Resolution approving the keeping of registers of members etc at the office of Company's Registrars.

7. DISCLOSURES

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large.

Name of the party	Relationship	Nature of Transaction	Current Year Amount(₹)
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration	6507400
		b) Interest (Gross)	1192373
		c) Commission	2400000
Shri P K Agarwal Managing Director	Key Management	a) Remuneration	5468500
		b) Interest (Gross)	304799
		c) Commission	2100000
Shri L N Agarwal (HUF)	Key Management	b) Interest (Gross)	604405
Shri H L Ralhan, Director	Key Management	a) Remuneration	3178749
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (Gross)	297337
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (Gross)	251507
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (Gross)	795279
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (Gross)	148241
L N Agarwal Family Trust	Key Management	a) Interest (Gross)	43496
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Advance for Purchase of RM	10000000
		b) Interest	49863
		c) Sale of Yarn	9785628
M/s Suryakiran International Ltd.,	Subsidiary	a) Sale of Fabric	124716237
		b) Sale of DEPB Lic.	550279
		c) Purch. of FMS Lic	932556
M/s Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	1740410
		b) Sale of Industrial Waste	102000
		c) Sale of RM	6199249
		d) Purchase of RM	6294720
		e) Advance for Purchase of RM	50000000
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of RM	25722753
M/s Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Advance for Purchase of RM	10000000
		b) Purchase of RM(VSF)	4124185
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	480000
		b) Rent	60000
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	4439315

a) CEO / CFO Certification

In terms of Clause 49(V) of the Listing Agreement, the Certificate duly signed by Managing Director and Vice President (Finance) of the Company was placed before the Board of Directors along with the financial statements for the year ended March 31, 2013, at its meeting held on 16.05.2013.

b) Particulars of Cost Auditor :

Name	:	Ms. K Aruna Prasad Cost Accountant Membership No : 11816 "Krishna", Plot 802/2, D.No.28, 64th Street, 10th Sector, K.K. Nagar, Chennai 600 078 (TN)
Due date of filing Cost Audit Report for the year 2011-12	:	31/01/2013
Actual date of filing the report	:	25/12/2012

The Cost Audit Report for the relevant financial year viz 2012-13 will be filed within the prescribed time.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL

d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements.

Mandatory requirements: All complied with.

Non-mandatory requirements :

i) **The Board :** The Board is headed by an Executive Chairman.

ii) **Remuneration Committee :** Please refer to the Clause 4 above.

iii) **Shareholder Rights :** Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website www.suryalakshmi.com.

iv) **Audit qualifications :** There are no audit qualifications in the report.

v) **Training of Board members :** The Company shall work out a plan for training its Board members.

vi) **Mechanism for evaluating non-executive Board members :** Not yet evolved.

vii) **Whistle Blower Policy :** Not yet established.

e)Shares held by Non-Executive Directors.

1.	Sri R Surender Reddy	28,000
2.	Dr. Akkineni Nageswara Rao	666
3.	Sri N L Tibrewal	Nil
4.	Sri R S Agarwal	475
5.	Sri K Neel Lohit	Nil

8. MEANS OF COMMUNICATION.

a) Quarterly results.

Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website www.suryalakshmi.com

b) Quarterly results are normally published in which newspapers

The Quarterly results are usually published in Business Line, Economic Times and Praja Shakti.

c) Any website, where displayed

www.suryalakshmi.com

d) & e) Whether it also displays official news releases and the presentations made to institutional investors or to the analysts.

The website shall be used for this purpose, when the occasion arises.

9. GENERAL SHAREHOLDER INFORMATION

a) AGM : Date, Time and Venue

Date : 28.09.2013

Time : 10.30 A.M.

Venue : Triveni, Kamat Lingapur Hotel, 1-10-44/2, Chikoti Garden, Begampet, Hyderabad 500 016.

b) Financial Year

1st April to 31st March following

c) Date of Book Closure: 21st September, 2013 to 28th September, 2013 (both days inclusive)

d) Dividend Payment Date: On or after 5th October, 2013

e) Listing on Stock Exchanges & Stock Code

The Company's Shares are listed in the following Stock Exchanges.

Name of the Stock Exchange	CODE	Address
The National Stock Exchange	SURYALAXMI	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), MUMBAI - 400 051
Bombay Stock Exchange Limited	521200	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400001

f) Market Price Data :

High, Low during each month in last financial year and Performance in comparison to broad – based indices such as BSE Sensex, CRISIL index, etc.

Month	NATIONAL STOCK EXCHANGE		THE STOCK EXCHANGE, MUMBAI			
	SHARE PRICE (₹)		SHARE PRICE (₹)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2012	66.00	51.55	66.70	51.15	17664.10	17010.16
May, 2012	68.95	56.45	64.90	55.00	17432.33	15809.71
June, 2012	74.00	58.00	72.00	58.00	17448.48	15748.98
July, 2012	79.00	62.85	77.00	65.70	17631.19	16598.48
August, 2012	75.05	65.50	68.50	75.00	17972.54	17026.97
September, 2012	85.00	68.00	84.00	70.00	18869.94	17250.80
October, 2012	82.00	72.10	80.45	72.25	19137.29	18393.42
November, 2012	83.00	71.70	80.25	72.50	19372.70	18255.69
December, 2012	80.00	71.20	78.80	71.25	19612.18	19149.03
January, 2013	89.50	70.10	89.40	68.00	20203.66	19508.93
February, 2013	77.90	64.00	73.75	64.30	19966.69	18793.97
March, 2013	70.00	57.55	69.20	58.00	19754.66	18568.43

g) Registrar & Transfer Agents

Karvy Computershare Private Limited

Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081 (A.P.) India

Ph # 91 040 44655000

h) Share Transfer System:

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

i) Shareholding pattern as on 31.03.2013.

The Company's Shares are listed in the following Stock Exchanges.

Particulars	No. of Shares	% of Holding
Promoters	9326889	64.22
Indian Public	3469045	23.89
Bodies Corporate	1506450	10.38
Banks & Financial Institutions	152857	1.05
Mutual Funds	9800	0.07
FII's	0	0.00
Non Resident Indians	57249	0.39
	14522290	100

Distribution of shareholding

As on 31/03/2013

Nominal Value	No. of shareholders		Amount	
	Number	% to total	In ₹	% to total
Upto 5000	5948	85.48	792087	5.45
5001 – 10000	486	6.98	384338	2.65
10001 – 20000	245	3.52	377056	2.60
20001 – 30000	80	1.15	206327	1.42
30001 – 40000	39	0.56	142257	0.98
40001 – 50000	29	0.42	136522	0.94
50001 – 100000	57	0.82	411885	2.84
100001 and above	74	1.07	12071818	83.12
TOTAL	6958	100.00	14522290	100.00

j) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialisation on both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 14365998 shares amounting to 98.92 % of the Capital have been dematerialised by investors as on 31st March, 2013.

ISIN: INE713B01026

Address of Registrars for Dematerialistion of Shares.

Karvy Computershare Private Limited

Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081 (A.P.) India
Ph # 91 040 44655000

k) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

NOT APPLICABLE as the Company has not issued any of the above instruments.

l) Plant Locations

Yarn Division

Amanagallu
Mahabubnagar Dist.
Andhra Pradesh - 509 321

Denim Division

Ramtek Mauda Road
Village Nagardhan, Tehsil Ramtek, Nagpur.
Maharashtra - 440 010

Power Plant
Ramtek Mauda Road
Village Nagardhan, Tehsil Ramtek, Nagpur.
Maharashtra - 440 010

m) Address for correspondence:

i. for transfer / dematerialisation of share, change of address of members and other queries relating to the shares of the Company:

M/s. Karvy Computershare Private Limited
Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad
500 081 (A.P.) India
Ph # 91 040 44655000

ii. any queries relating to dividend, annual reports, etc.
The Company Secretary,
Suryalakshmi Cotton Mills Limited,
6th Floor, Surya Towers, 105, S.P.Road,
Secunderabad – 500 003.
Phone No(s): 040 - 27819856 / 57 / 58 / 30571600 / 1609.
Fax No : 040 - 27846854.
Email ID: cs@suryalakshmi.com

The above report has been approved by the Board of Directors in their meeting held on 16.05.2013

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Suryalakshmi Cotton Mills Limited Code of Conduct for the year ended March 31, 2013.

By Order of the Board

Date : 16.05.2013
Place : Secunderabad

L.N.AGARWAL
Chairman & Managing Director

Auditors Certificate on compliance of Corporate Governance

To the members of SURYALAKSHMI COTTON MILLS LIMITED, HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by SURYALAKSHMI COTTON MILLS LIMITED, for the year ended 31st March, 2013 as stipulated in Clause 49 of the listing agreement of the Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2013, no investor grievances are pending against the Company as on 16th May, 2013 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Brahmayya & Co.,
Chartered Accountants

Date : 16.05.2013
Place : Hyderabad

K.S.RAO
Partner
(Membership No.15850)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To
The Members
of SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD.

REPORT ON THE FINANCIAL STATEMENTS:

We have audited the accompanying financial statements of SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b. in the case of the Statement of Profit and Loss , of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Registration Number: 000513S

(K.S.RAO)
Partner
Membership Number: 15850

Place : Hyderabad
Date : 16.05.2013

Annexure

Re: SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD.

Referred to in paragraph 1 of our report of even date,

1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

c) During the year the Company has not disposed off any of the fixed assets and hence it has not affected the going concern status of the Company.

2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.

3. a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

b) In view of our comment in paragraph 3(a) above, 4(iii) (b),(c) & (d) of the aforesaid order are not applicable to the Company.

c) During the year, the Company had taken unsecured loans from 9 parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was ₹9.63 Crores.

d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.

e) The Company is regular in payment of the principal amount and interest thereon as stipulated.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act,1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of yarn, fabric and power and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. a) According to the records the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State

Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.

c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of any dispute are as follows:

Nature of amount	Amount (₹ in Lakhs)#	Period to which the amount relates	Forum where dispute is pending
Excise Duty	78.50	2004-05	Customs, Excise, Service Tax Appellate Tribunal, Mumbai.
Excise Duty	32.89	2005-06	CESTAT, Mumbai
CST	28.62	2001-02	Sales Tax Tribunal, Hyderabad
TPS #	3307.33	2004-05	Jt.DGFT, Hyderabad
Customs Duty #	559.37	2004-05	DRI, Hyderabad

net of pre-deposit paid in getting the stay/appeal admitted

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has given guarantee for ₹20.31 crores to State Bank of India on behalf of its subsidiary M/s. Suryakiran International Ltd.

16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.

17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.

18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. During the year, the Company has not issued any debentures and therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Registration Number: 000513S

(K.S.RAO)
Partner
Membership Number: 15850

Place : Hyderabad
Date : 16.05.2013

Balance Sheet as at 31st March,2013

(Figures in ₹ Lakhs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	1,629.53	2,029.53
(b) Reserves and surplus	2	19,101.07	16,404.23
		20,730.60	18,433.76
2. Non-current liabilities			
(a) Long-term borrowings	3	17870.08	18,961.37
(b) Deferred tax liabilities (Net)		2845.31	2,488.18
(c) Long-term provisions	4	268.26	210.61
		20,983.65	21,660.16
3. Current liabilities			
(a) Short-term borrowings	5	12749.87	12,312.86
(b) Trade payables		4459.68	3,616.03
(c) Other current liabilities	6	6025.49	5,432.25
(d) Short-term provisions	7	800.19	988.86
		24,035.23	22,350.00
TOTAL		65,749.48	62,443.92
II. ASSETS			
Non-current assets			
1. (a) Fixed assets	8		
i) Tangible assets		36040.70	25,540.78
ii) Intangible assets		62.49	32.14
iii) Capital work-in-progress		123.75	9,037.71
(b) Non-current investments	9	447.97	447.97
(c) Long-term loans and advances	10	422.06	269.42
		37,096.97	35,328.02
2.Current assets			
Current investments	11	9.19	312.39
Inventories	12	10448.24	10,356.27
Trade receivables	13	11855.29	10,444.91
Cash and cash equivalents	14	1287.26	600.23
Short-term loans and advances	15	2092.98	2,459.40
Other current assets	16	2959.55	2,942.70
		28,652.51	27,115.90
TOTAL		65,749.48	62,443.92

The notes referred to above, form an integral part of these financial statements.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Profit and loss statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

	Particulars	Note No.	Current Year 31.03.2013	Previous Year 31.03.2012
I.	Revenue from operations	17	70,544.34	66,873.12
II.	Other income	18	851.14	969.89
III.	**Total Revenue (I + II)**		**71,395.48**	**67,843.01**
IV.	Expenses:			
	Cost of materials consumed	19	41866.34	42,382.21
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	112.10	-323.98
	Employee benefits expense	21	3501.10	3,102.92
	Finance costs	22	3348.13	2,980.96
	Depreciation and amortization expense	23	2909.71	2,456.51
	Other expenses	24	15414.33	13,433.59
	Total expenses		**67151.71**	**64,032.21**
V.	**Profit before tax**		**4,243.77**	**3,810.80**
VI.	Tax expense :			
	(1) Current tax		850.00	850.00
	(2) Deferred tax		357.12	130.25
	Sub-Total - Tax expense :		**1,207.12**	**980.25**
VII.	Profit for the period, after tax		3,036.65	2,830.55
VIII.	Earnings per equity share:			
	(1) Basic		20.91	21.16
	(2) Diluted		**20.91**	**19.49**

The notes referred to above, form an integral part of these financial statements.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	₹	Number	₹
NOTE 1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹10 each	25,000,000	2,500.00	25,000,000	2,500.00
0.1% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	672,000	672.00
	25,672,000	3,172.00	25,672,000	3,172.00
Issued				
Equity Shares of ₹10 each	21,051,556	2,105.16	21,051,556	2,105.16
0.1% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	672,000	672.00
	21,723,556	2,777.16	21,723,556	2,777.16
Subscribed & Paid up				
Equity Shares of ₹10 each	14,522,290	1,452.23	14,522,290	1,452.23
0.1% Cumulative Redeemable Preference shares of ₹100 each			400,000	400.00
	14,522,290	1,452.23	14,922,290	1,852.23
Forfeited Shares :	-	177.30	-	177.30
		-		-
Total	14,522,290	1,629.53	14,922,290	2,029.53

(a) 80,32,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.

(b) 400,000 0.1% Cumulative Redeemable Preference shares of ₹100 each are allotted as fully paid up without payment being received in cash as per the scheme of restructuring package with IDBI. The same has been redeemed during the current financial year.

(c) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956.

Particulars	Equity Shares		Preference Shares	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Shares outstanding at the beginning of the year	14,522,290	13,362,290	400,000	671,600
Shares Issued during the year	-	1,160,000	-	-
Shares redeemed / bought back during the year	-	-	400,000	271,600
Shares outstanding at the end of the year	14,522,290	14,522,290	-	400,000

(d) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholders	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Smt. Satyabhama Bai	3023032	20.82%	3023032	20.82%
Sri Paritosh Agarwal	1478472	10.18%	1478472	10.18%
Sri L N Agarwal	1364516	9.40%	1364516	9.40%
Master Vedanth Agarwal	1065356	7.34%	1065356	7.34%
Smt. Padmini Agarwal	971815	6.69%	971815	6.69%

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 2 RESERVES & SURPLUS		
a. Capital Redemption Reserve		
At the commencement of the year	2.09	2.09
Closing Balance	**2.09**	**2.09**
b. Securities Premium Account		
At the commencement of the year	6,854.51	5,404.51
Add : on issue of Equity Shares		1,450.00
Closing Balance	**6,854.51**	**6,854.51**
c. Investment Allowance Reserve (Utilised)		
At the commencement of the year	109.41	109.41
Closing Balance	**109.41**	**109.41**
d. Export Allowance Reserve		
At the commencement of the year	2.67	2.67
Closing Balance	**2.67**	**2.67**
e. Preference Capital Redemption Reserve		
At the commencement of the year	671.60	671.60
Closing Balance	**671.60**	**671.60**
f. Special capital incentive		
At the commencement of the year	30.00	30.00
Closing Balance	**30.00**	**30.00**
g. General Reserve		
At the commencement of the year	3,100.81	2,800.81
(+) Current Year Transfer	310.00	300.00
Closing Balance	**3,410.81**	**3,100.81**
h. Surplus		
At the commencement of the year	5,633.14	3,525.11
Add : For the current year	3,036.65	2,830.55
Less : Proposed Dividend on Equity Shares	290.45	363.06
Proposed Dividend on Preference Shares	-	0.49
Corporate Dividend Tax	49.36	58.97
Transfer to General Reserve	310.00	300.00
Closing Balance	**8,019.98**	**5,633.14**
Total	**19,101.07**	**16,404.23**

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 3 LONG TERM BORROWINGS		
Secured		
A. (I) Term loans		
from banks (Under TUFS)		
(a) IDBI Bank Ltd. - 1 (10.20+3.00 Crores)	47.44	55.69
(b) IDBI Bank Ltd. - 2 (Rupee Tied)	368.93	433.09
(c) IDBI Bank Ltd. - TUF Scheme-II (70 Crores)	2,464.00	3,764.00
(d) IDBI Bank Ltd. - 3 (FCL converted)	40.49	47.85
(e) State Bank of India - TUFS - I (30 Crores)	1,149.00	1,685.00
(f) State Bank of India - TUFS - II (45 Crores)	1,722.00	2,526.00
(g) State Bank of Mysore - TUFS	487.00	691.00
(h) Andhra Bank	983.55	1,196.26
(i) State Bank of Travancore	3,507.72	1,949.11
(j) State Bank of Hyderabad - TUFS	1,253.02	1,478.02
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	4,116.10	4,290.12
	16,139.25	18,116.14

NOTES:

1. The Loans referred at (a) to (d), (f) to (j) and (ii)(a) above are secured by mortgage of (present & future) movable and immovable properties of the Company on first charge pari passu basis & second pari passu charge on the current assets of the Company with existing term lenders and guaranteed by two Directors of the Company in their personal capacities.

2. The Loan referred to in (e) above is secured by hypothecation of specified plant and machinery as per the scheme and guaranteed by two Directors of the Company.

Terms of Repayment :

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
(i) a. IDBI-1	04.12.1997	12.90%	19
b. IDBI-2	28.09.1995	10.25%	19
c. IDBI Tuf Scheme -II	15.12.2005	10.25%	11
d. IDBI-3	28.09.1995	14.25%	19
e. SBI-TUF Scheme-1	12.08.2005	14.20%	12
f. SBI-TUF Scheme-II	25.01.2006	13.90%	12
g. SBM-TUF Scheme	28.04.2006	13.80%	12
h. Andhra Bank - TUF Scheme	04.09.2010	14.50%	23
i. SBT	22.06.2011	14.25%	31
j. SBH under TUF Scheme	13.07.2011	14.70%	20
(ii) (a). IDBI Bank (ECB)	12.07.2011	6 MONTH LIBOR +300 BASIS POINTS	20

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 3 LONG TERM BORROWINGS *(Contd.)*		
Other loans and advances		
B. Vehicle Hire Purchase Loan	22.17	12.19
from Kotak Mahindra Prime Limited		
Hire Purchase Loan above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company		
Terms of Repayment : Monthly instalments	22.17	12.19
C. Unsecured		
Other Long Term Borrowings		
(I) Deposits		
From others Fixed deposits	2.00	2.00
(II) Loans and advances from related parties		
Unsecured Loan from Directors	678.50	39.00
Fixed Deposits from related parties	290.00	109.00
Inter-corporate Deposits	573.00	488.00
	1,543.50	638.00
D. Deferred Sales Tax Liability	165.16	195.04
	165.16	195.04
Total (a+b+c+d)	17,870.08	18,961.37

The Salestax deferment liability amounting to ₹165.16 lakhs shown under unsecured loans above, is due for repayment as under.

YEAR	AMOUNT ₹ Lakhs	REPAYMENT OF YEAR
2000-2001	28.73	01.04.2014
2001-2002	22.28	01.04.2015
2002-2003	20.52	01.04.2016
2003-2004	7.85	01.04.2017
2004-2005	3.27	01.04.2018
2006-2007	5.14	01.04.2020
2007-2008	0.41	01.04.2021
2008-2009	19.56	01.04.2022
2009-2010	57.40	01.04.2023
TOTAL	165.16	

NOTE 4 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity (unfunded)	198.90	153.40
Leave Encashment (unfunded)	69.36	57.21
Total	268.26	210.61

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 5 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand from banks		
(I) State Bank of India		
Cash Credit	5,154.25	848.86
Packing Credit	1,992.72	1,912.69
SLC	1,499.08	500.00
STL	-	2,000.00
WCDL FCNRB	-	2,302.04
(II) State Bank of Hyderabad		
Cash Credit	499.95	322.44
Packing Credit	324.83	459.56
Packing Credit in Foreign Currency	-	298.70
SLC	300.00	300.00
STL	-	600.00
WCDL	600.00	-
(III) State Bank of Mysore		
Cash Credit	536.90	59.50
STL	500.00	1,000.00
Packing Credit	-	303.19
(IV) IDBI Bank Ltd.		
Cash Credit	466.97	866.34
STL	800.00	500.00
	12,674.70	12,273.32

All Working Capital loans are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company on pari-passu basis and further guaranteed by two Directors of the Company in their personal capacities.

(b) Other loans and advances		
Vehicle Hire Purchase Loan	30.42	22.29
from Kotak Mahindra Prime Limited		
	30.42	22.29
Unsecured		
(a) Loans and advances from related parties		
Fixed Deposits from related parties	44.75	17.25
	44.75	17.25
Total	12,749.87	12,312.86

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 6 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
Term Loan under TUFS from Bank		
(a) IDBI Bank Ltd. - TUF Scheme-I	-	61.51
(b) IDBI Bank Ltd. - 1	8.25	8.25
(c) IDBI Bank Ltd. - 2	64.16	64.16
(d) IDBI Bank Ltd. - TUF Scheme-II	1,300.00	1,202.50
(e) IDBI Bank Ltd. - 3	7.36	7.36
(f) State Bank of India - TUFS - I	536.00	482.00
(g) State Bank of India - TUFS - II	804.00	723.00
(h) State Bank of Mysore - TUFS	204.00	169.00
(i) Andhra Bank	212.71	212.72
(j) State Bank of Travancore	280.00	200.00
(k) State Bank of Hyderabad - TUFS	300.00	300.00
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	445.13	313.97
	4,161.61	3,744.47
(b) Interest accrued but not due on borrowings	162.26	138.48
(c) Unpaid dividends	12.47	10.21
(d) Creditors for Capital purchases	417.45	390.46
(e) Other payables	1,053.06	960.91
(f) Other payables - Statutory dues	126.55	98.47
(g) Advances received against sales	62.21	84.14
(h) Sales tax deferment payable	29.88	5.11
	1,863.88	1,687.78
Total	6,025.49	5,432.25

NOTE 7 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & Reimbursements	223.35	203.40
Contribution to PF & ESI	16.66	16.99
Gratuity (Funded)	36.70	24.00
Bonus Payable	156.93	150.87
(b) Others (Specify nature)		
Proposed Preference Shares dividend	-	0.49
Proposed Equity Shares dividend	290.45	363.06
Corporate Dividend Tax	49.36	58.98
Provision for Income Tax (Net)	26.74	171.07
Total	800.19	988.86

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 8 FIXED ASSETS

(Figures in ₹ Lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	Balance as at 1 April 2012	Additions	Disposals / Adjustm -ents	Balance as at 31 March 2013	Balance as at 1 April 2012	Deprecia -tion charge for the year	On disposals / Adjust -ments	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 1 April 2012
a. Tangible Assets										
Land	382.68	62.56		445.24	-	-	-	-	445.24	382.68
Buildings :										
Factory Buildings	4,966.28	938.48		5,904.76	1,239.28	181.77		1,421.05	4,483.71	3,727.00
Non-Factory Buildings	1,747.24	223.42		1,970.66	242.31	30.06		272.37	1,698.29	1,504.93
Township	577.30	88.29		665.59	34.25	9.52		43.77	621.82	543.05
Plant and Equipment :										
Workshop Equipment	7.82	0.05		7.87	2.36	0.38		2.74	5.13	5.46
Plant and Machinery *	32,054.65	9,168.15		41,222.80	14,886.49	2,418.42		17,304.91	23,917.89	17,168.16
Testing Equipment	322.60	20.82		343.42	109.56	15.38		124.94	218.48	213.04
Electrical Installations	2,120.09	2,116.12		4,236.21	789.50	149.24		938.74	3,297.47	1,330.59
Weighing Machines	27.72	4.89		32.61	15.04	1.31		16.35	16.26	12.68
Water Works	455.74	1.02		456.76	40.86	7.44		48.30	408.46	414.88
Furniture and Fixtures	242.30	45.89		288.19	141.61	20.63		162.24	125.95	100.69
Vehicles	163.52	75.30	29.72	209.10	56.00	19.54	16.04	59.50	149.60	107.53
Data Processing Equipment	114.46	110.71		225.17	84.36	17.15		101.51	123.66	30.10
Power Lines **	-	556.56		556.56		27.82		27.82	528.74	-
Total	**43,182.40**	**13,412.26**	**29.72**	**56,564.94**	**17,641.62**	**2,898.66**	**16.04**	**20,524.24**	**36,040.70**	**25,540.78**
b. Intangible Assets										
Computer software	58.19	41.40	-	99.59	26.05	11.05		37.10	62.49	32.14
Total	**58.19**	**41.40**		**99.59**	**26.05**	**11.05**	**-**	**37.10**	**62.49**	**32.14**
c. Capital Work In Progress	9,037.71	4,539.70	13,453.66	123.75	-	-	-	-	123.75	9,037.71
Total	**9,037.71**	**4,539.70**	**13,453.66**	**123.75**	**-**	**-**	**-**	**-**	**123.75**	**9,037.71**
Total (a+b+c)	**52,278.30**	**17,993.36**	**13,483.38**	**56,788.28**	**17,667.67**	**2,909.71**	**16.04**	**20,561.34**	**36,226.94**	**34,610.63**
Less : Internal Transfers		13,453.66	13,453.66	-						
Total	**52,278.30**	**4,539.70**	**29.72**	**56,788.28**	**17,667.67**	**2,909.71**	**16.04**	**20,561.34**	**36,226.94**	**34,610.63**
Previous Year	42,271.26	11,657.20	1,650.16	52,278.30	16,832.18	2,394.74	1,559.25	17,667.67	34,610.63	25,439.08

* Claims against the supplier adjusted in plant & machinery and accordingly accumulated depreciation till date is reversed.

** Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 9 NON-CURRENT INVESTMENTS		
At Cost - Non-Trade - Unquoted :		
Investment in Subsidiary Company		
22,69,860 Equity shares @ ₹10/- each in	447.97	447.97
Suryakiran International Limited		
Total (A)	**447.97**	**447.97**
(Aggregate amount of unquoted investments - ₹4,47,97,200)		
50.92% Investment in Subsidiary Company, M/s. Suryakiran International Limited		
NOTE 10 LONG TERM LOANS AND ADVANCES		
a. Deposits Recoverable	421.96	269.31
(Unsecured considered good)		
(Telephone, APSEB Electricity, Coal Deposit & other deposits)		
b. Security Deposit	0.10	0.11
(Secured, considered good)		
(NSC pledged as security for ₹1000/- with Central Excise Dept. & ₹10,000/- with Sales Tax Dept.)		
	422.06	**269.42**
NOTE 11 CURRENT INVESTMENTS		
(At Cost - Traded - Quoted)		
(a) Investment in Equity instruments		
1,02,100 Equity Shares of ₹10/- each	105.19	105.19
in Suryavanshi Spinning Mills Ltd.		
Less : Provision for dimunition in the value of Investments	96.00	92.94
	9.19	12.25
(b) Investments in Mutual Funds		
SBI Mutual Fund	-	300.14
Total	**9.19**	**312.39**
(Aggregate market value of Quoted Investments ₹ 9.19 Lakhs (Previous year ₹ 312.39 Lakhs))		
NOTE 12 INVENTORIES		
(Valued and certified by the Management)		
(Valued at lower of cost and net realisable value unless otherwise stated)		
a. Raw Materials	4,089.78	4,088.70
b. Stores and spares	1,652.73	1,449.74
c. Finished goods	2,948.15	2,805.62
d. Work-in-progress	1,749.09	1,998.82
e. Others - Cotton & PV Waste (at realisable value)	8.49	13.39
Total	**10,448.24**	**10,356.27**

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 12 INVENTORIES *(Contd.)*		
Details of Raw Materials :		
Cotton	3,323.51	3,507.38
Yarn	576.00	274.34
Polyster Staple Fibre	122.44	226.61
Viscose Staple Fibre	67.83	80.37
Total	4,089.78	4,088.70
NOTE 13 TRADE RECEIVABLES		
Receivables for a period exceeding six months		
Unsecured, considered good	503.22	389.68
Unsecured, considered doubtful	60.27	60.27
Less: Provision for doubtful debts	-60.27	-60.27
	503.22	389.68
Receivables for a period less than six months		
Unsecured, considered good	11,352.07	10,055.23
	11,352.07	10,055.23
Total	11,855.29	10,444.91
Trade Receivable stated above include debts due by:		
Subsidiary Company	1,561.64	1,090.05
	1,561.64	1,090.05
NOTE 14 CASH AND CASH EQUIVALENTS		
a. Balances with Banks		
With Scheduled Banks	446.81	335.80
b. Cash on hand	11.37	17.85
c. Balance with Banks against Dividends payments	12.53	10.21
d. Balance with Banks against Margin Money / Guarantees	303.51	224.25
e. Fixed Deposits	513.03	12.11
f. Post office Savings Bank	0.01	0.01
Total	1,287.26	600.23
NOTE 15 SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
a. Advances for Capital purchases	185.47	703.29
b. Advances for purchases of Raw Material & Stores	644.31	490.54
c. Advances to Staff	26.27	28.64
d. Other Advances	1,236.93	1,236.93
	2,092.98	2,459.40
Disclosure pursuant to Note no.R (iv) of Part I of Schedule VI to the Companies Act, 1956		
Other officers of the Company *	16.31	18.87
	16.31	18.87

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 16 OTHER CURRENT ASSETS		
TED Refund receivable	548.34	531.26
Interest subsidy receivable	389.18	298.23
Deposits recoverable	0.56	137.27
Claims/Other Receivable	1,417.93	1,381.14
Export Benefit Entitlement Receivable	257.93	388.31
Pre-paid expenses	134.27	125.90
Excise Duty Refund Receivable	166.16	45.16
Balance With Central Excise Department	1.64	2.93
Accrued interest	43.54	32.50
	2,959.55	**2,942.70**
NOTE 17 SALE OF PRODUCTS		
Yarn	29,467.75	27,017.74
Fabric	40,766.40	39,587.89
Waste	470.48	455.31
Power sale	2,036.70	-
Total Sales :	72,741.33	67,060.94
Less:		
Excise duty	125.70	165.39
Inter Division sale - Power	2,036.70	-
Inter Division sale - Yarn	34.59	22.44
Total	**70,544.34**	**66,873.12**
NOTE 18 OTHER INCOME		
Interest Income	72.11	51.85
Dividend Income	0.00	0.58
Export Benefit entitlement	633.92	835.08
Excess provisions written back	23.34	35.38
Packing & Forwarding collection charges	10.84	12.92
Scrap Sales	29.11	20.93
Profit on sale of Assets	0.26	-
Sales Tax Subsidy	71.68	-
Miscellaneous Receipts	9.88	13.15
Total	**851.14**	**969.89**

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars		Current Year 31 March 2013		Previous Year 31 March 2012
NOTE 19 COST OF MATERIALS CONSUMED				
Opening Stock		4,088.70		6,531.89
Add : Purchases		42,399.59		39,939.02
		46,488.29		**46,470.91**
Less : Cost of Raw materials sold		532.17		-
Less : Closing Stock		4,089.78		4,088.70
Total Cost of materials consumed :		**41,866.34**		**42,382.21**
Imported and Indigeneous Raw Materials consumed :				
Indigeneous	96.40%	40,357.88	99.67%	42,243.54
Imported	3.60%	1,508.46	0.33%	138.67
Total :	**100.00%**	**41,866.34**	**100.00%**	**42,382.21**
Details of Raw Material Consumed :				
Cotton		13,920.30		15,469.31
Yarn		8,055.57		7,010.22
Polyster Staple Fibre		17,842.82		17,594.32
Viscose Staple Fibre		2,047.65		2,308.36
Total		**41,866.34**		**42,382.21**

NOTE 20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(INCREASE)/DECREASE IN STOCKS		
OPENING STOCKS:		
Yarn	742.91	570.23
Fabric	2,062.71	1,405.02
Work-in-process	1,998.82	2,503.34
Cotton Waste	13.39	15.26
	4,817.83	**4,493.85**
CLOSING STOCKS:		
Yarn	835.94	742.91
Fabric	2,112.21	2,062.71
Work-in-process	1,749.09	1,998.82
Cotton Waste	8.49	13.39
	4,705.73	**4,817.83**
(INCREASE)/DECREASE IN STOCKS	**112.10**	**-323.98**

NOTE 21 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	3,006.05	2,620.66
(b) Contributions to Provident Fund	178.61	158.96
(c) Gratuity fund contributions	92.20	112.61
(d) Contributions to Employee State Insurance	24.63	20.69
(e) Staff welfare expenses	199.61	190.00
Total	**3,501.10**	**3,102.92**

NOTE 22 FINANCE COST		
Interest expense	3,075.30	2,705.22
Other borrowing costs	223.88	120.79
Net loss on foreign currency transactions & translation	48.95	154.95
Total	**3,348.13**	**2,980.96**

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31 March 2013		Previous Year 31 March 2012	
NOTE 23 DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation		2,909.71		2,394.74
Amortisation expense		-		61.77
Total		**2,909.71**		**2,456.51**
NOTE 24 OTHER EXPENSES				
Stores & spare parts consumption :				
Consumable Stores	843.27		631.19	
Dyes and Chemicals	3,634.68		3,483.62	
Packing Material Consumed	494.77	4,972.72	487.52	4,602.33
Power & Fuel :				
Electricity Charges	4,141.15		4,419.10	
Fuel Consumed	2,912.25	7,053.40	905.29	5,324.39
Rent		8.28		7.48
Security Charges		26.02		23.78
Rates & Taxes		656.54		530.14
Printing & Stationery		24.31		27.21
Postage, Telegrams & Telephones		39.56		44.97
Travelling & Conveyance		138.53		140.73
Directors' Sitting fees & Travelling expenses		7.08		6.04
Advertisements		15.11		12.42
Expenses on Sales		553.75		843.21
Commission on Sales		185.28		169.26
Insurance		80.63		70.94
Legal & Professional Charges		38.54		47.76
Payments to auditors :				
As auditor :	2.25		1.69	
for taxation matters	0.56		0.56	
for Certification	1.47	4.28	1.53	3.78
Repairs to : Buildings	44.27		68.13	
Machinery	815.79		790.70	
Other Assets	23.36	883.42	29.57	888.40
Vehicle Maintenance		40.25		31.19
Miscellaneous Expenses		332.80		286.71
Donations		19.35		22.87
Loss on sale of assets		4.15		29.08
Bad debts and Debit Balances written off		4.97		1.06
Investments written off		-		10.72
Diminution in the Value of Investments		3.06		-
Other Manufacturing expenses		125.75		119.85
Managerial remuneration		196.55		189.27
Total		**15,414.33**		**13,433.59**
Imported and Indigeneous Stores & spare parts consumption :				
Indigeneous	75.98%	3,778.41	75.65%	3,481.57
Imported	24.02%	1,194.31	24.35%	1,120.76
Total	**100%**	**4,972.72**	**100%**	**4,602.33**

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31 March 2013	Previous Year 31 March 2012
NOTE 25		
NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013 AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON THAT DATE.		
1. Contingent Liabilities not provided for		
a) Contracts to be executed on capital accounts.	3986.81	5557.80
b) Against Foreign & Inland Letters of Credit	152.57	257.05
c) Against Bank Gaurantees	1432.76	763.37
d) Against Bills discounted	1592.18	2308.17
e) Demand from Central Excise Department in connection with the clearance of the goods disputed by the Company and allowed by the Commissioner Appeals, Nagpur in Company's favour. However the department has preferred an appeal against the Commissioner's order.	78.50	78.50
f) Demand against Reversal of Excise duty on Finished goods and Cenvat Credit involved in the stock of inputs while opting for the Central Excise Notification No.30/2004. Company's appeal was allowed by Appellate Commissioner of Customs & Central Excise, Nagpur. However, the Central Excise Department has filed an appeal against the above Order with CESTAT	32.89	32.89
g) Disputed demand from sales tax department on Input tax credit, Appeal remanded by Appellate Dy. Commissioner (CT). Pending for verification & orders with Dy./Asst. Commissioner (CT), Begumpet Division, Hyderabad	-	58.74
h) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and set off.The company has filed appeal before STAT(A.P),Hyderabad against the revised demand issued by the DC(CT), Begumpet Division, Hyderabad.	28.82	28.82

2. The legal proceedings againt M/s.Rajvir Industries Ltd., for the recovery of the balance outstanding in the books of the company of ₹236.93 lakhs (Previous year ₹236.93 lakhs) are pending.

3. Three cases have been filed against the Company for amounts totaling to ₹1348 lakhs in respect of three cheques allegedly issued by the company. These claims are being resisted on the plea that these cheques have been misused and in the absence of any legally enforceable debt or liability the company has been advised that the complaints are not maintainable and no liability is likely to arise.

4. Rajvir Industries Ltd., has filed an application before the Hon,ble High court of Andhra Pradesh for modification of the Order of the High Court in the scheme of arrangement for transfer of the liability of ₹1000 lakhs to the company. The application has been dismissed with costs by the High Court and the applicant has preferred an appeal before the High Court which is pending.

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31 March 2013	Previous Year 31 March 2012
NOTE 25 *(Contd.)*		
5. An order has been received from the office of DGFT Hyderabad for alleged violation of Target plus scheme to recover ₹3807 lakhs including interest and penalties. Apart from this a penalty of ₹25 lakhs each on CMD and MD and ₹5 lakhs on some other Directors of the company has been imposed. The High Court of Andhra Pradesh has granted an interim stay of the dismissal of the appeal by the Company. The Company in compliance with the orders of the High Court has paid ₹500 lakhs to DGFT, Hyderabad. (The Company has already paid ₹500 lakhs to DRI in the same matter). A show cause notice on the same issue was issued by DRI. The Company has been advised that no liability is likely to arise under the notice as the allegations are unfounded and the company is taking adequate steps to defend itself.		
6. Expenditure in Foreign Currency during the year on account of :		
i) Interest	178.79	77.18
ii) Principal repayment	331.61	0.00
iii) Commission on Export Sales	101.31	80.26
iv) Foreign Travel (Excluding tickets purchased in India)	16.28	19.32
v) Foreign Technical & Consultancy services	46.76	20.34
vi) Others	0.00	13.80
	674.74	**210.90**
7. Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	230.61	2672.69
ii) Rawmaterials (CIF Value)	1239.53	23.64
iii) Stores and Spares (CIF Value)	1334.16	1169.72
	2804.30	**3866.05**
8. Earnings in Foreign Exchange		
FOB Value of Exports	7907.18	10964.36
9. **Composition of Net Deferred Tax Liability**		
LIABILITIES		
Depreciation	3939.16	2565.29
Total	**3939.16**	**2565.29**
ASSETS		
Carried forward losses / Depreciation	74.55	0.00
Provision for Doubtful Debts & Others	19.55	19.55
Provision for Gratuity	76.44	57.56
Provision for Leave encashment & other employee benefits	73.42	-
Total	243.96	77.11
Deferred Tax Liability (Net)	3695.20	2488.18
Less : MAT Credit entitlement (to be set off againsst tax liability of AY2014-15	849.89	0.00
Deferred Tax Liability (Net) after MAT Credit adjustment	2845.31	2488.18

Notes forming part of the Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31 March 2013	Previous Year 31 March 2012
NOTE 25 *(Contd.)*		
10. INFORMATION ABOUT BUSINESS SEGMENTS		
1 SEGMENT REVENUE		
Spinning	29,383.92	26,898.81
Denim	41,195.01	39,996.75
Power Plant	2,036.70	-
TOTAL	72,615.63	66,895.56
Less : Inter Division Power sale	2,036.70	-
Less : Inter Division sale - Yarn	34.59	22.44
NET SALES	70,544.34	66,873.12
2 SEGMENT RESULTS		
Spinning	2,549.94	1,269.61
Denim	5,724.84	5,522.16
Power Plant	-682.88	-
TOTAL	7,591.90	6,791.77
3 INTEREST	3,348.13	2,980.96
4 PROFIT / LOSS BEFORE TAX	4,243.77	3,810.80
5 OTHER INFORMATION		
SEGMENT ASSETS		
Spinning	18,429.22	17,538.67
Denim	33,491.76	33,944.18
Power Project	13,828.50	10,961.07
TOTAL	65,749.48	62,443.92
6 SEGMENT LIABILITIES		
Spinning	2,449.84	1,793.41
Denim	3,932.60	4,916.47
Power Project	979.69	9.69
TOTAL	7,362.13	6,719.57
7 CAPITAL EXPENDITURE		
Spinning	341.14	313.42
Denim	319.00	3,257.28
Power Project	12,793.52	64.49
TOTAL	13,453.66	3,635.18
8 DEPRECIATION & AMORTISATION EXPENSE		
Spinning	700.23	697.12
Denim	1,866.30	1,759.39
Power Project	343.18	-
TOTAL	2,909.71	2,456.51

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

11 **Related Party Disclosure**

Related party disclosure as required by AS-18 "Related party disclosure" are given under:

a) Transactions during the year

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2013	Previous Year 31.03.2012
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	65.07 11.92 24.00	62.43 1.61 24.00
Shri P K Agarwal Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	54.69 3.05 21.00	54.76 0.91 21.00
Shri L N Agarwal (HUF)	Key Management	b) Interest (Gross)	6.04	1.68
Shri H L Ralhan Director	Key Management	a) Remuneration	31.79	27.07
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (Gross)	2.97	10.76
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (Gross)	2.52	5.61
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (Gross)	7.95	5.91
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (Gross)	1.48	4.98
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	0.43	0
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a)Purchase of R.M. b)Sale of R.M./Yarn c) Advance for R.M. d) Interest	0.00 97.86 100.00 0.50	23.08 23.08 0.00 0.00
M/s Suryakiran International Ltd.,	Subsidiary	a) Sale of Fabric b) Sale of DEPB Lic. c) Purch. of FMS Lic	1240.86 5.50 9.33	1500.48 7.46 9.28
M/s Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of Yarn b) Industrial waste sale c) Interest d) Sale of RM e) Purchase of RM f) Advance for R.M.	0.00 1.02 17.40 61.99 62.95 500.00	96.75 0.00 0.00 49.33 49.33 0.00
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M.	257.23	0.00
M/s Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Cotton Purchases b) Advance for R.M. c) Purchase of VSF	0.00 100.00 41.24	208.13 0.00 0.00
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross) b) Rent	4.80 0.60	4.96 0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	44.39	22.90

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

11 Related Party Disclosure *(Contd.)*

Related party disclosure as required by AS-18 "Related party disclosure" are given under:

b) Payable as at 31-03-2013

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2013	Previous Year 31.03.2012
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration (Net) b) Interest (net) c) Unsecured Loan d) Commission	2.95 10.73 505.00 16.58	4.70 0.33 37.00 16.58
Shri P K Agarwal Managing Director	Key Management	a) Remuneration (Net) b) Interest (net) c) Unsecured Loan d) Commission	3.55 2.74 173.50 14.51	4.40 0.02 2.00 14.51
Shri L N Agarwal (HUF)	Key Management	a) Interest (net) b) Deposits	5.44 126.00	0.33 38.50
Shri H L Ralhan Director	Key Management	Remuneration (Net)	1.56	1.42
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (net) b) Deposits	2.68 44.00	0.18 22.00
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (net) b) Deposits	2.26 50.00	0.10 10.00
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (net) b) Deposits	7.16 78.75	6.62 55.75
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (net) b) Deposits	1.33 27.00	0.00 0.00
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net) b) Deposits	0.39 9.00	0.00 0.00
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net) b) Deposits c) Rent	4.32 48.00 0.60	4.46 48.00 0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net) b) Deposits	39.95 475.00	20.61 440.00
M/s Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Purchase of RM	0.00	32.36
c) Receivable as at 31-03-2013 M/s Suryakiran International Ltd.,	Subsidiary Company	Sale of Fabric	1561.64	1340.49
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Sale of R.M.	50.59	0
M/s. Suryajyoti Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Interest (Net) Sale of RM	2.41 0.07	0.00

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

12 Employee Benefits : Gratuity

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity

(Figures in ₹ Lakhs)

		As on 31 March 2013	As on 31 March 2012
1	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year	265.17	181.33
	Interest cost	21.21	14.51
	Current Service Cost	21.75	27.98
	Benefits Paid	(23.19)	(16.35)
	Actuarial gain / (Loss) on obligations	**53.10**	**57.70**
	Present value of obligations as at end of year	338.04	265.17
2	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	77.76	81.28
	Expected return on plan assets	8.05	6.84
	Contributions	29.82	6.00
	Benefits Paid	(23.19)	(16.35)
	Actuarial gain / (Loss) on Plan assets	Nil	Nil
	Fair value of plan assets at the end of year	92.44	77.76
3	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	77.77	81.28
	Actual return on plan assets	8.05	6.84
	Contributions	29.82	6.00
	Benefits Paid	(23.19)	(16.35)
	Fair value of plan assets at the end of year	92.44	77.77
	Funded status	245.60	187.40
	Excess of Actual over estimated return on plan assets	Nil	Nil
	(Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
4	Assumptions		
	Discount rate	8%	8%
	Salary Escalation	4%	4%

Employee Benefits : Actuarial valuation of Leave encashment

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Leave encashment.

Profit & Loss Account *(Figures in ₹ Lakhs)*

	2012-2013	2011-2012
Current Service cost	3.62	0.19
Interest Cost on benefit obligation	4.58	4.53
Expected return on plan assets	Nil	Nil
Net Actuarial (gain). Loss recognised in the year	30.93	18.28
Past service cost	Nil	Nil
Net Benefit expense	**39.13**	**23.00**
Actual return on Plan assets		

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

Balance Sheet

Details of provision for Leave encashment

Change in the present value of the defined benefit obligation are as follows : *(Figures in ₹ Lakhs)*

	2012-2013	2011-2012
Opening defined benefit obligation	57.21	56.56
Interest Cost	4.58	4.53
Current Service cost	3.62	0.19
Benefits Paid	(26.97)	(22.35)
Actuarial (gains) / losses on obligation	30.93	18.28
Closing defined benefit obligation	69.36	57.21
The principal assumptions used in determining leave and post employment medical benefit		
Obligations for the company's plans are shown below :		
Assumptions	%	%
Salary Rise	4	4
Discount rate	8	8
Attrition Rate	1	1

13. Basic Earnings per share as per Accounting Standard No.20 *(Figures in ₹ Lakhs)*

	Current year	Previous Year
Profit after Tax	3036.65	2830.55
Less : Dividend on Preferance Share Capital with dividend tax there on	0.00	0.57
	3036.65	2829.98
Weighted average Number of Equity Shares	145.22	133.75
Diluted Number of Equity Shares	145.22	145.22
Basic Earnings per share	20.91	21.16
Diluted Earnings per share	20.91	19.49

14. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

15. Vide Notification No.30/09.07.2004 of the Central Excise Department we can opt for zero rate of duty by not taking Cenvat credit on Inputs and vide Tariff rate (Previous year under Notification No.29/09.07.2004) of Central Excise Department option can be exercised for payment of duty on Final products by taking credit on inputs and capital items. Accordingly in case of Denim Fabric and Cotton yarn the Company has opted for Zero rate of duty and not availed Cenvat credit on the purchase of inputs and capital items, where as in case of Polyster yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyster yarn meant for export, and cleared the material for export on payment of duty.

16. There was a major fire accident in spinning department of denim division at Ramtek, Nagapur district, Maharashtra state during January, 2008, in which the Building, Plant & Machinery, Electrical Installations and stocks were totally damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. The Company's Insurance claim is processed and settled partly. The Company received an amount of ₹2609 lakhs from the Insurance Company including salvage.The part claim of ₹490 lakhs which is still to be settled by the Insurance Company is shown under Claims receivable.

17. The company has given corporate guarantee to SBI on behalf of its subsidary M/s Surya Kiran International Limited, for 21.31 crores.

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 26 SIGNIFICANT ACCOUNING POLICIES

1 **Accounting Convention :**

The financial statements are prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles.

2 **Fixed Assets :**

Fixed Assets are stated at cost net of depreciation provided in the statements. Cost of acquisition of Fixed Assets is inclusive of all direct and indirect expenditure up to the date of commercial use.

Depreciation is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956

3 **Inventories :**

Rawmaterial and Stores and Spares valued at cost on weighted average basis. Stock-in-process and Finished Goods are valued at lower of cost or net realisable value.

The Excise Duty payable on finished / Saleable goods is accounted for on clearence of goods from the factory premises.

4 **Investments :**

Investments are stated at cost and diminution in the value, which is permanent in nature, is provided for.

5 **Contingent Liabilities and Provisions :**

All Contingent liabilities are indicated by way of a note and will be paid / provided on crystalisation.

6 **Retirement Benefits :**

Provident Fund contribution is charged to the Profit and Loss Account as and when the contributions are due

In respect of Gratuity, the Company has covered the gratuity liability by obtaining the group gratuity policy. The premium charged by Life Insurance Corporation of India is paid as stipulated and charged to Profit and Loss Account. Leave encashment provision is made as per actuarial valuation.

7 **Foreign Exchange Transactions :**

a) Export Sales are intially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.

b) Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realisation.

c) Imports of material / capital equipment are accounted at the rates at which the actual payments are made.

d) Assets and liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate Revenue/Capital account.

8 **Impairment of Assets :**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods, is reversed if there has been a change in the estimate of recoverable amount.

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 26 SIGNIFICANT ACCOUNING POLICIES

9 **Sales :**

Sales represents the amount receivable for goods sold including excise duty and sales tax thereon. Incentives on export sales are recognised as income on accrual basis.

10 **Provision for taxation :**

Provision for taxation for the year is based on tax liability computed in accordance with relevant tax rates and tax laws as at the Balance Sheet date. Provision for deferred tax is made for all timing differences arising between taxable income and accounting income at rates that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only if there is a reasonable certainity that they will be realised and are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Cash Flow Statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

		2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET :	PROFIT /(LOSS) BEFORE TAX	4243.77	3810.80
Adjustment for			
Add:	Depreciation & Amortisation expense	2909.71	2456.51
	Finance costs	3348.13	2980.96
	Debit balance written off	4.97	1.06
	Loss on sale of assets	4.15	29.09
	Dimunition / (Increase) in Value of Current investments	3.06	10.72
		10513.79	9289.14
Less:	Interest Income	72.11	51.85
	Excess provision written back	23.34	35.38
	Profit on sale of assets	0.26	0.00
		95.71	87.23
Operating profit before working capital changes		10418.08	9201.91
Adjustment for changes in :			
	Decrease / (Increase) in Inventories	(91.97)	1629.77
	(Increase) in Trade Receivables	(1392.02)	(2771.12)
	(Increase)/Decrease in Long Term Loans and advances	(152.64)	(59.49)
	(Increase)/Decrease in Short Term Loans and advances	366.42	472.84
	(Increase)/Decrease in Other Current Assets	(5.82)	674.81
	Increase/(Decrease) in Trade & other payables	1089.74	(494.79)
Cash generated from Operations		10231.80	8653.93
	Income tax (Net)	(994.33)	(777.28)
Net cash generated from operating activites (A)		9237.47	7876.65
B. CASH FLOW FROM INVESTING ACTIVITIES:			
	Inflow :		
	Sale of fixed assets	9.79	61.82
	Interest received	61.08	48.37
	Outflow :		
	Acquisition of fixed assets	(4539.70)	(11657.20)
	Sale /(Purchase) of Current investments	300.14	(300.13)
Net cash used in Investing activites (B)		(4168.69)	(11847.14)

Cash Flow Statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

	2012-13	2011-12
C.CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share capital and Share premium		1566.00
Redemption of Preference Share Capital	(400.00)	(271.60)
Share Warrant Application Money (appropriated)/received	0.00	(783.00)
Proceeds from Term Loans	2184.72	8729.19
(Decrease)/Increase in bank borrowings	401.38	(14.74)
Proceeds from Hire purchase loan	54.69	26.51
Proceeds from other unsecured borrowings	1013.00	609.50
Repayment of Term Loan	(3744.47)	(2204.30)
Repayment of Hire Purchase loan	(36.58)	(20.54)
Repayment of other unsecured borrowings	(109.88)	(833.37)
Finance costs paid	(3324.35)	(2968.80)
Dividend paid	(361.28)	(201.68)
Dividend Distribution Tax paid	(58.98)	(32.62)
Net cash generated in Financing Activities (C)	(4381.75)	3600.55
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	687.03	(369.94)
Cash/Cash Equivalents at the Beginning of the year	600.23	970.17
Cash/Cash Equivalents at the end of the period	1287.26	600.23

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

K.S.Rao
Partner
Membership No.15850

Place : Hyderabad
Date : 16.05.2013

P.S.Subramanyam
Vice President (Finance)

E.V.S.V. Sarma
Company Secretary

L. N. Agarwal
Chairman & Managing Director

P.K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director

Statement Pursuant To Section 212 Of The Companies Act., 1956 Relating To Subsidiaries

1	Name of the Subsidiary	Suryakiran International Ltd
2	Financial year of the Subsidiary ended on	31st March 2013
3	Shares of the Subsidiary held by the	
	Comapany on the above date:	
	a) Number of shares	22,69,860
	Face Value	Equity shares of ₹10 each
	b) Extent of Holding	50.92%
4	Net aggregate amount of profits/(losses)	
	of the Subsidiary for the above financial	
	year so far as they concern members of	
	the Company	
	a) dealt with in the accounts of the Company	
	for the year ended 31st March, 2013	NIL
	b) not dealt with in the accounts of the	
	Company for the year ended 31st March 2013	₹2.96 Lakhs
5	Net aggregate amount of profits / (losses) for	
	previous years of the Subsidiary, since it	
	became a subsidiary so far as they concern	
	members of the Company	
	a) Dealt with in the accounts of the Company	
	for the year ended 31st March 2012	NIL
	b) Not dealt with in the accounts of the	
	Company for the year ended 31st March 2012	₹(147.03) Lakhs
6	Change in the interest of the Company in	
	the subsidiary between the end of the	
	financial year of the subsidiary and that of the	
	Company.	NIL
7	Material changes between the end of the	
	financial year of the Subsidiary and end of the	
	financial year of the company in respect	
	of the Subsidiary's fixed assets, investments,	
	lending and borrowing for the purpose other	
	than meeting their current liabilities.	NIL
8	Remarks	NIL

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

CONSOLIDATED SECTION

CONSOLIDATED AUDITORS' REPORT

To
The Board of Directors
of **SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD.**

REPORT ON THE FINANCIAL STATEMENTS:

We have audited the accompanying consolidated financial statements of SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD ("the Company") and its subsidiary which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
b. in the case of the consolidated Statement of Profit and Loss , of the profit for the year ended on that date; and
c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Registration Number: 000513S

(K.S.RAO)
Partner
Membership Number: 15850

Place : Hyderabad
Date : 16.05.2013

Consolidated Balance Sheet as at 31st March,2013

(Figures in ₹ Lakhs)

	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I.	EQUITY AND LIABILITIES			
	1. Shareholders' funds			
	(a) Share capital	1	1,829.53	2,229.53
	(b) Reserves and surplus	2	18,957.00	16,257.19
			20,786.53	18,486.72
	2. Minority Interest	2A	296.52	293.67
	3. Non-current liabilities			
	(a) Long-term borrowings	3	18,886.33	20,190.58
	(b) Deferred tax liabilities (Net)		2,845.31	2,488.18
	(c) Long-term provisions	4	294.68	230.61
			22,026.32	22,909.37
	4. Current liabilities			
	(a) Short-term borrowings	5	12,843.75	12,410.60
	(b) Trade payables		4,663.17	3,803.91
	(c) Other current liabilities	6	6,424.01	5,824.64
	(d) Short-term provisions	7	832.16	1,026.39
			24,763.09	23,065.54
	TOTAL		67,872.46	64,755.30
II.	ASSETS			
	Non-current assets			
	1 (a) Fixed assets	8		
	(i) Tangible assets		38,152.51	27,760.17
	(ii) Intangible assets		68.26	39.00
	(iii) Capital work-in-progress		123.75	9,037.71
	(b) Long-term loans and advances	9	437.20	280.73
	(c) Other non-current assets	10	113.81	142.56
			38,895.53	37,260.17
	2 Current assets			
	(a) Current investments	11	9.19	312.38
	(b) Inventories	12	11,646.15	11,536.10
	(c) Trade receivables	13	10,746.64	9,740.01
	(d) Cash and cash equivalents	14	1,385.24	616.39
	(e) Short-term loans and advances	15	2,119.88	2,236.76
	(f) Other current assets	16	3,069.83	3,053.49
			28,976.93	27,495.13
	TOTAL		67,872.46	64,755.30

The notes referred to above, form an integral part of these financial statements.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Consolidated Profit and loss statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

	Particulars	Note No.	Current Year 31.03.2013	Previous Year 31.03.2012
I.	Revenue from operations	17	72,716.99	69,140.75
II.	Other income	18	951.00	1,061.57
III.	**Total Revenue (I + II)**		**73,667.99**	**70,202.32**
IV.	Expenses:			
	Cost of materials consumed	19	41,983.54	42,446.09
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	142.25	(248.48)
	Employee benefits expense	21	4,290.22	3,787.19
	Finance costs	22	3,487.92	3,166.89
	Depreciation and amortization expense	23	3,048.60	2,596.11
	Other expenses	24	16,464.87	14,598.81
	Total expenses		**69,417.40**	**66,346.61**
V.	**Profit before tax**		**4,250.59**	**3,855.71**
VI.	Tax expense:			
	(1) Current tax		851.00	850.00
	(2) Deferred tax		357.12	130.25
	Sub-Total - Tax expense :		**1,208.12**	**980.25**
VII.	**Profit for the period, after tax**		**3,042.47**	**2,875.46**
VIII.	**Less : Minority Interest**		**2.86**	**22.04**
IX.	Net Profit after taxes & minority interest		**3,039.61**	**2,853.42**
X.	**Earnings per equity share:**			
	(1) Basic		**20.93**	**21.33**
	(2) Diluted		**20.93**	**19.64**

The notes referred to above, form an integral part of these financial statements.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	₹	Number	₹
NOTE 1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹10 each	25,000,000	2,500.00	25,000,000	2,500.00
0.1% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	672,000	672.00
5% Non-cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
	25,872,000	3,372.00	25,872,000	3,372.00
Issued				
Equity Shares of ₹10 each	21,051,556	2,105.16	21,051,556	2,105.16
0.1% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	672,000	672.00
5% Non-cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
	21,923,556	2,977.16	21,923,556	2,977.16
Subscribed & Paid up				
Equity Shares of ₹10 each	14,522,290	1,452.23	14,522,290	1,452.23
0.1% Cumulative Redeemable Preference shares of ₹100 each	-	-	400,000	400.00
5% Non-cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
	14,722,290	1,652.23	15,122,290	2,052.23
Forfeited Shares :		177.30		177.30
Total	14,722,290	1,829.53	15,122,290	2,229.53

(a) 80,32,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.

(b) 200,000 5% Non-Cumulative Redeemable Preference shares of ₹100 each are allotted as fully paid up.

(c) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956.

Particulars	Equity Shares		0.1% Cum. Red. Preference Shares		5% Non-cum. Red. Preference Shares	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Shares outstanding at the beginning of the year	14,522,290	13,362,290	400,000	671,600	200,000	200,000
Shares Issued during the year	-	1,160,000	-	-	-	-
Shares redeemed / bought back during the year	-	-	400,000	271,600	-	-
Shares outstanding at the end of the year	14,522,290	14,522,290	-	400,000	200,000	200,000

(d) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Smt. Satyabhama Bai	3023032	20.82%	3023032	20.82%
Sri Paritosh Agarwal	1478472	10.18%	1478472	10.18%
Sri L N Agarwal	1364516	9.40%	1364516	9.40%
Master Vedanth Agarwal	1065356	7.34%	1065356	7.34%
Smt. Padmini Agarwal	971815	6.69%	971815	6.69%

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 2 RESERVES & SURPLUS		
a. Capital Redemption Reserve		
At the commencement of the year	2.09	2.09
Closing Balance	**2.09**	**2.09**
b. Securities Premium Account		
At the commencement of the year	6,854.51	5,404.51
Add : on issue of Equity Shares	-	1,450.00
Closing Balance	**6,854.51**	**6,854.51**
c. Investment Allowance Reserve (Utilised)		
At the commencement of the year	109.41	109.41
Closing Balance	**109.41**	**109.41**
d. Export Allowance Reserve		
At the commencement of the year	2.67	2.67
Closing Balance	**2.67**	**2.67**
e. Preference Capital Redemption Reserve		
At the commencement of the year	671.60	671.60
Closing Balance	**671.60**	**671.60**
f. Special capital incentive		
At the commencement of the year	30.00	30.00
Closing Balance	**30.00**	**30.00**
g. General Reserve		
At the commencement of the year	3,100.81	2,800.81
(+) Current Year Transfer	310.00	300.00
Closing Balance	**3,410.81**	**3,100.81**
h. Surplus		
At the commencement of the year	5,486.10	3,355.21
Add : For the current year	3,039.61	2,853.42
Less : Proposed Dividend on Equity Shares	290.44	363.06
Proposed Dividend on Preference Shares	-	0.49
Corporate Dividend Tax	49.36	58.98
Transfer to General Reserve	310.00	300.00
Closing Balance	**7,875.91**	**5,486.10**
Total	**18,957.00**	**16,257.19**

NOTE 2A MINORITY INTEREST		
Share Capital	218.79	218.79
Security Premium	213.59	213.59
Profit / (Loss)	(135.86)	(138.71)
	296.52	**293.67**

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 3 LONG TERM BORROWINGS		
Secured		
A. (I) Term loans		
from banks (Under TUFS)		
(a) IDBI Bank Ltd. - 1	47.44	55.69
(b) IDBI Bank Ltd. - 2	368.93	433.09
(c) IDBI Bank Ltd. - TUF Scheme-II	2,464.00	3,764.00
(d) IDBI Bank Ltd. - 3	40.49	47.85
(e) State Bank of India - TUFS - I	1,149.00	1,685.00
(f) State Bank of India - TUFS - II	1,722.00	2,526.00
(g) State Bank of Mysore - TUFS	487.00	691.00
(h) State Bank of India (Subsidiary)	636.75	844.50
(i) Andhra Bank	983.55	1,196.26
(j) State Bank of Travancore	3,507.72	1,949.11
(k) State Bank of Hyderabad - TUFS	1,253.02	1,478.02
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	4,116.10	4,290.12
	16,776.00	18,960.64

NOTES:

1. The Loans referred at (a) to (d), (f) to (g), (i) to (k) above are secured by mortgage of (present & future) movable and immovable properties of the Company on first charge pari passu basis & second pari passu charge on the current assets of the Company with existing term lenders and guaranteed by two Directors of the Company in their personal capacities.

2. The Loan referred to in (e) above is secured by hypothecation of specified plant and machinery as per the scheme and guaranteed by two Directors of the Company.

3. The Loan referred at (j) above is secured by mortgage of present and future movable and immovable properties of the subsidiary Company and guaranteed by two Directors of the Company.

Terms of Repayment :

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
(i) (a). IDBI-1	04.12.1997	12.90%	19
b. IDBI-2	28.09.1995	10.25%	19
c. IDBI Tuf Scheme -II	15.12.2005	10.25%	11
d. IDBI-3	28.09.1995	14.25%	19
e. SBI-TUF Scheme-1	12.08.2005	14.20%	12
f. SBI-TUF Scheme-II	25.01.2006	13.90%	12
g. SBM-TUF Scheme	28.04.2006	13.80%	12
h. State Bank of India TUFS	14.11.2005	14.90%	11
i. Andhra Bank - TUF Scheme	04.09.2010	14.50%	23
j. SBT	22.06.2011	14.25%	31
k. SBH under TUF Scheme	13.07.2011	14.70%	20
(ii) (a) IDBI Bank (ECB)	12.07.2011	"6 MONTH LIBOR +300 BASIC POINTS"	20

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 3 LONG TERM BORROWINGS *(Contd.)*		
B. Other loans and advances		
Vehicle Hire Purchase Loan	22.17	12.19
from Kotak Mahindra Prime Limited		
Hire Purchase Loan above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company		
Terms of Repayment : Monthly instalments		
	22.17	12.19
Unsecured		
C. Other Long Term Borrowings		
(I) Deposits		
From others Fixed deposits	2.00	2.00
(II) Loans and advances from related parties		
Unsecured Loan from Directors	705.96	75.09
Fixed Deposits from related parties	290.00	109.00
Inter-corporate Deposits	925.04	836.62
	1,923.00	1,022.71
D. Deferred Sales Tax Liability	165.16	195.04
	165.16	195.04
Total (a+b+c+d)	18,886.33	20,190.58

The Salestax deferment liability amounting to ₹165.16 lakhs shown under unsecured loans above, is due for repayment as under.

YEAR	AMOUNT ₹ Lakhs	REPAYMENT OF YEAR
2000-2001	28.73	01.04.2014
2001-2002	22.28	01.04.2015
2002-2003	20.52	01.04.2016
2003-2004	7.85	01.04.2017
2004-2005	3.27	01.04.2018
2006-2007	5.14	01.04.2020
2007-2008	0.41	01.04.2021
2008-2009	19.56	01.04.2022
2009-2010	57.40	01.04.2023
TOTAL	165.16	

NOTE 4 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity (unfunded)	212.62	161.83
Leave Encashment (unfunded)	82.06	68.78
Total	294.68	230.61

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 5 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand from banks		
(I) State Bank of India		
Cash Credit	5,154.25	881.51
Packing Credit	2,086.60	1,977.78
SLC	1,499.08	500.00
STL	-	2,000.00
WCDL FCNRB	-	2,302.04
(II) State Bank of Hyderabad		
Cash Credit	499.95	322.44
Packing Credit	324.83	459.56
Packing Credit in Foreign Currency	-	298.70
SLC	300.00	300.00
STL	-	600.00
WCDL	600.00	-
(III) State Bank of Mysore		
Cash Credit	536.90	59.50
STL	500.00	1,000.00
Packing Credit	-	303.19
(IV) IDBI Bank Ltd.		
Cash Credit	466.97	866.34
STL	800.00	500.00
	12,768.58	12,371.06

All Working Capital loans are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company and its subsidiary on pari-passu basis and further guaranteed by two Directors of the Company in their personal capacities.

(b) Other loans and advances		
Vehicle Hire Purchase Loan	30.42	22.29
from Kotak Mahindra Prime Limited		
	30.42	22.29
Unsecured		
(a) Loans and advances		
Fixed Deposits from related parties	44.75	17.25
	44.75	17.25
Total	12,843.75	12,410.60

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 6 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
Term Loan under TUFS from Bank		
(a) IDBI Bank Ltd. - TUF Scheme-I	-	61.51
(b) IDBI Bank Ltd. - 1	8.25	8.25
(c) IDBI Bank Ltd. - 2	64.16	64.16
(d) IDBI Bank Ltd. - TUF Scheme-II	1,300.00	1,202.50
(e) IDBI Bank Ltd. - 3	7.36	7.36
(f) State Bank of India - TUFS - I	536.00	482.00
(g) State Bank of India - TUFS - II	804.00	723.00
(h) State Bank of Mysore - TUFS	204.00	169.00
(i) State Bank of India (Subsidiary)	268.00	241.00
(j) Andhra Bank	212.72	212.72
(k) State Bank of Travancore	280.00	200.00
(l) State Bank of Hyderabad - TUFS	300.00	300.00
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	445.12	313.97
	4,429.61	3,985.47
(b) Interest accrued but not due on borrowings	173.74	154.06
(c) Unpaid dividends	12.47	10.21
(d) Creditors for Capital purchases	417.45	390.46
(e) Other payables	1,140.62	1,073.79
(f) Other payables - Statutory dues	138.06	105.63
(g) Advances received against sales	82.18	99.91
(h) Sales tax deferment payable	29.88	5.11
	1,994.40	**1,839.17**
Total	**6,424.01**	**5,824.64**

NOTE 7 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & Reimbursements	251.25	238.36
Contribution to PF & ESI	20.85	20.89
Gratuity (Funded)	36.70	24.00
Bonus Payable	156.93	150.87
(b) Others (Specify nature)		
Proposed Preference Shares dividend	-	0.49
Proposed Equity Shares dividend	290.45	363.06
Corporate Dividend Tax	49.36	58.98
Provision for Income Tax (Net)	26.62	169.74
Total	**832.16**	**1,026.39**

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

NOTE 8 FIXED ASSETS

(Figures in ₹ Lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	Balance as at 1 April 2012	Additions	Disposals	Balance as at 31 March 2013	Balance as at 1 April 2012	Deprecia -tion charge for the year	On disposals	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 1 April 2012
a. Tangible Assets										
Land	435.71	62.56		498.27	-	-	-	-	498.27	435.71
Buildings :										
Factory Buildings	5,503.29	938.48	-	6,441.77	1,329.50	199.70	-	1,529.20	4,912.57	4,173.79
Non-Factory Buildings	2,240.76	223.42	-	2,464.18	277.44	38.10	-	315.54	2,148.64	1,963.32
Township	577.30	88.29	-	665.59	34.25	9.52	-	43.77	621.82	543.05
Plant and Equipment :										
Workshop Equipment	7.82	0.05	-	7.87	2.36	0.38	-	2.74	5.14	5.46
Plant and Machinery*	33,384.46	9,169.42	-	42,553.88	15,207.74	2,481.62		17,689.36	24,864.52	18,176.72
Testing Equipment	322.60	20.82	-	343.42	109.56	15.39	-	124.95	218.47	213.04
Electrical Installations	2,359.00	2,116.59	-	4,475.59	848.77	160.59	-	1,009.36	3,466.23	1,510.23
Weighing Machines	27.72	4.89	-	32.61	15.04	1.31	-	16.35	16.26	12.68
Water Works	464.18	1.02	-	465.20	41.43	7.57	-	49.00	416.20	422.75
Furniture and Fixtures	301.18	46.06	-	347.24	159.43	24.36	-	183.79	163.44	141.75
Office equipment	13.95	0.17	-	14.12	4.81	0.89	-	5.70	8.43	9.14
Vehicles	173.17	75.29	33.52	214.94	59.10	20.33	18.08	61.35	153.59	114.07
Data Processing Equipment	137.16	111.87	-	249.03	98.70	20.12	-	118.82	130.20	38.46
Power Lines **	-	556.56	-	556.56	-	27.83	-	27.83	528.73	-
Total	**45,948.30**	**13,415.49**	**33.52**	**59,330.27**	**18,188.13**	**3,007.71**	**18.08**	**21,177.76**	**38,152.51**	**27,760.17**
b. Intangible Assets										
Computer software	66.08	41.40	-	107.48	27.08	12.14	-	39.22	68.26	39.00
Total	**66.08**	**41.40**	**-**	**107.48**	**27.08**	**12.14**	**-**	**39.22**	**68.26**	**39.00**
c. Capital Work In Progress	9,037.71	4,542.93	13,456.89	123.75	-	-	-	-	123.75	9,037.71
Total	**9,037.71**	**4,594.61**	**13,456.89**	**123.75**	**-**	**-**	**-**	**-**	**123.75**	**9,037.71**
Total (a+b+c)	**55,052.09**	**17,999.82**	**13,490.41**	**59,561.50**	**18,215.21**	**3,019.85**	**18.08**	**21,216.98**	**38,344.52**	**36,836.88**
Less : Internal Transfers		13,456.89	13,456.89	-					-	-
Total :	**55,052.09**	**4,542.93**	**33.52**	**59,561.50**	**18,215.21**	**3,019.85**	**18.08**	**21,216.98**	**38,344.52**	**36,836.88**
Previous Year	45,031.39	11,670.86	1,650.16	55,052.09	17,268.88	2,505.59	1,559.26	18,215.21	36,836.88	27,762.51

* Claims against the supplier adjusted in plant and machinery and accordingly accumulated depreciation till date is reversed.

** Power lines - cost incurred by the Company, ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 9 LONG TERM LOANS AND ADVANCES		
a. Deposits Recoverable	437.10	280.62
(Unsecured considered good)		
(Telephone, APSEB Electricity, Coal Deposit & other deposits)		
b. Security Deposit	0.10	0.11
(Secured, considered good)		
(NSC pledged as security for ₹1000/- with Central Excise Dept. & ₹10,000/- with Sales Tax Dept.)		
	437.20	**280.73**

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 10 OTHER NON-CURRENT ASSETS		
I. Miscellaneous Expenses :		
(To the extent not written off or adjusted)		
(a) Preliminary Expenses	0.20	0.40
Less : Written off during the year	(0.20)	(0.20)
Sub-Total (a)	-	0.20
(b) Pre-operative expenses :	0.09	0.19
Less : Written off during the year	(0.09)	(0.10)
Sub-Total (b)	-	0.09
(c) Trial Run Expenses :	142.27	170.72
Less : Written off during the year	(28.46)	(28.45)
Sub-Total (c)	113.81	142.27
Total (a+b+c)	113.81	142.56

NOTE 11 CURRENT INVESTMENTS		
(At Cost - Traded - Quoted)		
(a) Investment in Equity instruments		
1,02,100 Equity Shares of ₹10/- each	105.19	105.19
in Suryavanshi Spinning Mills Ltd.		
Less : Provision for dimunition in the value of Investments	96.00	92.94
	9.19	12.25
(b) Investments in Mutual Funds		
SBI Mutual Fund	-	300.13
Total	9.19	312.38

(Aggregate market value of Quoted Investments - ₹9.19 Lakhs (Previous Year ₹312.38 Lakhs)

NOTE 12 INVENTORIES		
(Valued and certified by the Management)		
(Valued at lower of cost and net realisable value unless otherwise stated)		
a. Raw Materials	4,222.84	4,216.08
b. Raw Materials - Stock-in-transit	41.45	-
c. Stores and spares	1,788.81	1,584.72
d. Finished goods	3,179.56	3,253.98
e. Work-in-progress	2,405.00	2,467.93
f. Others - Cotton & PV Waste (at realisable value)	8.49	13.39
Total	11,646.15	11,536.10

NOTE 13 TRADE RECEIVABLES :		
Receivables for a period exceeding six months		
Unsecured, considered good	184.90	112.55
Unsecured, considered doubtful	60.27	60.27
Less: Provision for doubtful debts	(60.27)	(60.27)
	184.90	112.55
Receivables for a period less than six months		
Unsecured, considered good	10,561.74	9,627.46
	10,561.74	9,627.46
Total	10,746.64	9,740.01

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
NOTE 14 CASH AND CASH EQUIVALENTS		
a. Balances with Banks		
With Scheduled Banks	527.04	344.42
b. Cash on hand	16.49	20.85
c. Balance with Banks against Dividends payments	12.53	10.21
d. Balance with Banks against Margin Money / Guarantees	316.14	228.79
e. Fixed Deposits	513.03	12.11
f. Post office Savings Bank	0.01	0.01
Total :	1,385.24	616.39
NOTE 15 SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
a. Advances for Capital purchases	185.47	703.29
b. Advances for purchases of Raw Material & Stores	670.70	264.84
c. Advances to Staff	26.78	31.70
d. Other Advances	1,236.93	1,236.93
	2,119.88	2,236.76
NOTE 16 OTHER CURRENT ASSETS		
TED Refund receivable	548.34	531.26
Interest subsidy receivable	412.49	327.67
Deposits recoverable	2.59	139.30
Claims/Other Receivable	1,451.41	1,408.85
Export Benefit Entitlement Receivable	304.73	433.90
Pre-paid expenses	137.71	131.32
Excise Duty Refund Receivable	166.16	45.16
Balance With Central Excise Department	1.64	2.93
Accrued interest	44.76	33.10
	3,069.83	3,053.49
NOTE 17 SALE OF PRODUCTS		
Yarn	29,467.76	27,017.74
Fabric	39,525.53	38,087.41
Waste	470.48	455.31
Power Sale	2,036.70	-
Garments	3,649.96	4,225.97
Total Sales :	75,150.43	69,786.43
Less:		
Inter Division Sale - Power	2,036.70	-
Inter Division Sale - Yarn	34.59	22.44
Excise duty	362.15	623.24
Total	72,716.99	69,140.75

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 18 OTHER INCOME :		
Interest Income	73.98	53.43
Dividend Income	-	0.58
Export Benefit entitlement	689.43	890.64
Excess provisions written back	36.25	36.08
Packing & Forwarding collection charges	10.84	12.92
Scrap Sales	44.86	51.47
Profit on sale of Assets	0.26	-
Sales Tax Subsidy	71.68	
Miscellaneous Receipts	23.70	16.45
Total	951.00	1,061.57
NOTE 19 COST OF MATERIALS CONSUMED		
Opening Stocks	4,216.08	6,715.64
Add : Purchases	42,522.46	39,946.53
	46,738.54	46,662.17
Less : Cost of Raw materials sold	532.16	-
Less : Closing Stocks	4,222.84	4,216.08
	41,983.54	42,446.09
NOTE 20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(INCREASE)/DECREASE IN STOCKS		
OPENING STOCKS:		
Yarn	742.91	570.23
Fabric	2,062.71	1,405.03
Garments	448.36	353.68
Work-in-process	2,467.93	3,142.62
Cotton Waste	13.39	15.26
	5,735.30	5,486.82
CLOSING STOCKS:		
Yarn	835.94	742.91
Fabric	2,112.21	2,062.71
Garments	231.41	448.36
Work-in-process	2,405.00	2,467.93
Cotton Waste	8.49	13.39
	5,593.05	5,735.30
(INCREASE)/DECREASE IN STOCKS	142.25	-248.48
NOTE 21 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	3,707.72	3,240.17
(b) Contributions to Provident Fund	225.71	185.94
(c) Gratuity fund contributions	99.41	121.04
(d) Contributions to Employee State Insurance	40.37	20.95
(e) Staff welfare expenses	217.01	219.09
Total	4,290.22	3,787.19

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 22 FINANCE COST		
Interest expense	3,210.42	2,888.07
Other borrowing costs	226.16	123.95
Applic. net gain/loss on foreign currency transactions & translation	51.34	154.87
Total	**3,487.92**	**3,166.89**

NOTE 23 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	3,019.85	2,505.59
Amortisation expense	28.75	90.52
Total	**3,048.60**	**2,596.11**

NOTE 24 OTHER EXPENSES				
Stores & spare parts consumption :				
Consumable Stores	1,240.56		1,120.22	
Dyes and Chemicals	3,696.07		3,561.94	
Packing Material Consumed	564.93	5,501.56	556.80	5,238.96
Power & Fuel :				
Electricity Charges	4,230.32		4,484.12	
Fuel Consumed	2,924.20	7,154.52	913.58	5,397.70
Rent		12.67		12.50
Security Charges		46.24		42.11
Rates & Taxes		735.03		611.03
Printing & Stationery		30.76		34.21
Postage, Telegrams & Telephones		46.17		53.33
Travelling & Conveyance		157.83		154.37
Directors' Sitting fees & Travelling expenses		7.18		6.15
Advertisements		15.25		12.42
Expenses on Sales		657.06		969.87
Commission on Sales		201.33		195.70
Insurance		84.81		74.71
Legal & Professional Charges		62.42		80.16
Payments to auditors :				
As auditor :	2.85		2.13	
for taxation matters	0.73		0.73	
for Certification	1.47	5.05	1.53	4.39
Repairs to : Buildings		44.27		68.13
: Machinery		831.50		798.08
: Other Assets		25.40		31.14
Vehicle Maintenance		84.26		67.72
Miscellaneous Expenses		361.95		322.73
Donations		19.46		22.91
Loss on sale of assets		4.61		29.09
Bad debts and Debit Balances written off		5.95		1.09
Investments written off		-		10.72
Diminution in the Value of Investments		3.06		-
Other Manufacturing expenses		154.99		155.32
Managerial remuneration		211.55		204.27
Total		**16,464.87**		**14,598.81**

Notes forming part of the Consolidated Financial Statement as at 31st March, 2013

(Figures in ₹ Lakhs)

Particulars	As at 31.03.2013	Previous Year 31.03.2012
NOTE 25		
NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013 AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON THAT DATE.		
1. Contingent Liabilities not provided for		
a) Contracts to be executed on capital accounts.	3986.81	5557.80
b) Against Foreign Letters of Credit & Inland Letter of Credit	152.57	257.05
c) Against Bank Gaurantees	1432.76	763.37
d) Against Bills discounted	1592.18	2308.17
e) Demand from Central Excise Department in connection with the clearance of the goods disputed by the Company and allowed by the Commissioner Appeals, Nagpur in Company's favour. However the department has preferred an appeal against the Commissioner's order.	78.50	78.50
f) Demand against Reversal of Excise duty on Finished goods and Cenvat Credit involved in the stock of inputs while opting for the Central Excise Notification No.30/2004. Company's appeal was allowed by Appellate Commissioner of Customs & Central Excise, Nagpur. However, the Central Excise Department has filed an appeal against the above Order with CESTAT	32.89	32.89
g) Disputed demand from sales tax department on input tax credit, Appeal remanded by Appellate Dy. Commissioner,(CT). Pending for verification & orders with Dy./Asst.Commissioner (CT), Begumpet Division, Hyderabad.	-	58.74
h) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and setoff. The appleal filed before STAT(A.P) by the company was partly allowed and the balance was remanded for verification by the department.	28.82	28.82

2 The legal proceedings againt M/s.Rajvir Industries Ltd., for the recovery of the balance outstanding in the books of the compnay of ₹236.93 lakhs (Previous year ₹236.93 lakhs) are pending.

3 Three cases have been filed against the Company for amounts totaling to ₹1348 lakhs in respect of three cheques allegedly issued by the company. These claims are being resisted on the plea that these cheques have been misused and in the absence of any legally enforceable debt or liability the company has been advised that the complaints are not maintainable and no liability is likely to arise.

4 Rajvir Industries Ltd., has filed an application before the Hon,ble High court of Andhra Pradesh for modification of the Order of the High Court in the scheme of arrangement for transfer of the liability of ₹1000 lakhs to the company. The application has been dismissed with costs by the High Court and the applicant has preferred an appeal before the High Court which is pending.

5 An order has been received from the office of DGFT Hyderabad for alleged violation of Target plus scheme to recover ₹3807 lakhs including interest and penalties. Apart from this a penalty of ₹25 lakhs each on CMD and MD and ₹ 5 lakhs on some other Directors of the company has been imposed. The High Court of Andhra Pradesh has granted an interim stay of the dismissal of the appeal by the Company. The Company in compliance with the orders of the High Court has paid ₹500 lakhs to DGFT, Hyderabad. (The Company has already paid ₹500 lakhs to DGFT in the same matter). A show cause notice on the same issue was issued by DRI. The Company has been advised that no liability is likely to arise under the notice as the allegations are unfounded and the company is taking adequate steps to defend itself.

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

6. Related Party Disclosure

Related party disclosure as required by AS-18 "Related party disclosure" are given under:

a) Transactions during the year

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2013	Previous Year 31.03.2012
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	65.07 12.39 24.00	62.43 2.00 24.00
Shri P K Agarwal Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	54.69 3.65 21.00	54.76 1.51 21.00
Shri L N Agarwal (HUF)	Key Management	Interest (Gross)	6.04	1.68
Shri H L Ralhan Director	Key Management	Remuneration	31.79	27.07
Smt Sathyabhamabai	Wife of Shri L N Agarwal	Interest (Gross)	2.97	10.76
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (Gross) b) Remuneration	2.52 15.00	5.61 15.00
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	Interest (Gross)	7.95	5.91
Master Vedanth Agarwal	Son of Shri P K Agarwal	Interest (Gross)	1.48	4.98
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	0.43	0
Smt Sabita Jain	Daughter of Shri LN Agarwal	Office Rent	4.20	4.20
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a)Purchase of R.M. b)Sale of R.M./Yarn c) Advance for R.M. d) Interest	0.00 97.86 100.00 0.50	23.08 23.08 0.00 0.00
M/s Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of Yarn b) Industrial waste sale c) Interest d) Sale of RM e) Purchase of RM f) Advance for R.M.	0.00 1.02 17.40 61.99 62.95 500.00	96.75 0.00 0.00 49.33 49.33 0.00
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M.	257.23	0.00
M/s Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Cotton Purchases b) Advance for R.M. c) Purchase of VSF	0.00 100.00 41.24	208.13 0.00 0.00
M/s Jayman Dealers Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross) b) Rent	7.82 0.60	5.87 0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	60.86	36.75

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

6. Related Party Disclosure

Related party disclosure as required by AS-18 "Related party disclosure" are given under:

b) Balance as at 31-03-2013 (Payable)

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31.03.2013	Previous Year 31.03.2012
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration b) Interest (net) c) Unsecured Loan d) Commission	2.95 11.15 521.50 16.58	4.70 11.85 43.50 16.58
Shri P K Agarwal Managing Director	Key Management	a) Remuneration b) Interest (net) c) Unsecured Loan d) Commission	3.55 3.28 183.50 14.51	4.40 8.08 12.00 14.51
Shri L N Agarwal (HUF)	Key Management	a) Interest (net) b) Deposits	5.44 126.00	0.33 38.50
Shri H L Ralhan Director	Key Management	Remuneration	1.56	1.42
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (net) b) Deposits	2.68 44.00	0.18 22.00
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (net) b) Remuneration c) Deposits	2.26 1.24 50.00	0.10 6.39 10.00
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (net) b) Deposits	7.16 78.75	6.62 55.75
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (net) b) Deposits	1.33 27.00	0.00 0.00
Smt Sabita Jain	Daughter of Shri LN Agarwal	Office Rent	3.78	3.05
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net) b) Deposits	0.39 9.00	0.00 0.00
M/s. S V P Distributors	Enterprises in Which the relatives of key management personnel are interested	a) Interest (net) b) Deposits	54.78 749.50	56.90 714.50
M/s. Jayman Dealer Pvt Ltd.,	Enterprises in Which the relatives of key management personnel are interested	a) Interest (net) b) Deposits c) Rent	7.04 108.00 0.60	5.28 85.00 0.60
M/s. Suryavanshi Industries Ltd.	Enterprise in which the relatives of Key Management personnel are interested.	Purchase of R.M.	0.00	32.36
c) Receivable as at 31.03.2013				
Suryajyoti Spinning Mills Ltd	Enterprise in which the	Interest (Net)	2.41	0.00
	relatives of Key Management	Sale of RM	0.07	-
	personnel are interested			
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Sale of R.M.	50.59	0

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 25 *(Contd.)*

7. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

8. Vide Notification No.30/09.07.2004 of the Central Excise Department we can opt for zero rate of duty by not taking Cenvat credit on Inputs and vide Tariff rate (Previous year Tariff rate) of Central Excise Department option can be exercised for payment of duty on Final products by taking credit on inputs and capital items. Accordingly in case of Denim Fabric and Cotton yarn the Company has opted for Zero rate of duty and not availed Cenvat credit on the purchase of inputs and capital items, where as in case of Polyster yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyster yarn meant for export, and cleared the material for export on payment of duty.

9. There was a major fire accident in spinning department of denim division at Ramtek, Nagapur district, Maharashtra state during January, 2008, in which the Building, Plant & Machinery, Electrical Installations and stocks were totally damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. The Company's Insurance claim is processed and settled partly. The Company received an amount of ₹2609 lakhs from the Insurance Company including salvage.The part claim of ₹490 lakhs which is still to be settled by the Insurance Company is shown under Claims receivable.

10. Repayment of 2,00,000 - 5% Non-Cumulative redeemable Preference Shares of ₹100/- each redeemable on 21st December, 2021.

11. Trial Run Expenditure of ₹2,84,52,771/- treated as Deferred Revenue Expenditure, to be written of in 10 years.

12. The Previous year's figures have been regrouped wherever necessary.

NOTE 26 SIGNIFICANT ACCOUNING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1 **Principles of Consolidation :**

The Consolidated financial statements relate to Suryalakshmi Cotton Mills Limited ("the Company") and its Subsidiary Company Suryakiran International Limited.

The Consolidated financial statements have been prepared on the following basis.

a) The financial statement of the Company and its Subsidiary Company are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and/or transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b) Minority Interest's share of net profit/(loss) of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.

c) Minority Interest's share of net assets of consolidated subsidiary for the year is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's Shareholders.

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 26 *(Contd.)*

d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2 Accounting Convention :

The financial statements are prepared under historical cost convention in accordance with the normally accepted accounting principles.

3 Fixed Assets :

Fixed Assets are stated at cost net of depreciation provided in the statements. Cost of acquisition of Fixed Assets is inclusive of all direct and indirect expenditure up to the date of commercial use.

Depreciation is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956

4 Inventories :

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and stores & spares are computed by using weighted average method.

5 Investments :

Investments are stated at cost and dimininution / increase in the value, which is permanent in nature, is provided for.

6 Contingent Liabilities and Provisions :

All Contingent liabilities are indicated by way of a note and will be paid/provided on crystalisation.

7 Retirement Benefits :

All the employees are eligible for retirement benefits like Provident Fund and Leave encashment. Contribution to Provident Fund are made at preascertained rate and remitted to the concerned authorities on accrual basis. Leave encashment is provided on the basis of actuarial valuation. In respect of Gratuity, the Company has covered the gratuity liability by obtaining the group gratuity policy. The premium charged by Life Insurance Corporation of India is paid as stipulated and charged to Profit and Loss Account. In respect of subsidiary Company employees no provision is made towards gratuity liabilities since no employee is eligible.

8 Foreign Exchange Transactions :

a) Export Sales are intially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.

b) Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realisation.

c) Imports of material / capital equipment are accounted at the rates at which the actual payments are made.

d) Assets and liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate Revenue/Capital account.

9 Impairment of Assets :

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Notes forming part of the Financial Statement as at 31st March, 2013

NOTE 26 *(Contd.)*

10 Sales :

Sales represents the amount receivable for goods sold including excise duty and sales tax thereon. Incentives on export sales are recognised as income on accrual basis.

11 Provision for taxation :

Provision for taxation for the year is based on tax liability computed in accordance with relevant tax rates and tax laws as at the Balance Sheet date. Provision for deferred tax is made for all timing differences arising between taxable income and accounting income at rates that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only if there is a reasonable certainity that they will be realised and are reviewed for the appropriatencess of their respective carrying value at each Balance Sheet date.

12 Miscellaneous Expenditure

Miscellaneous Expenses is written off over a period of 10 years commencing from 2003-04 in respect of Preliminary and Peoperative Expenses and from 2007-08 in respect of Trial Run Expenses.

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

Consolidated Cash Flow Statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET : PROFIT /(LOSS) BEFORE TAX	4,250.59	3,855.71
Adjustment for		
Add: Depreciation & Amortisation expense	3,048.60	2,596.11
Finance costs	3,485.53	3,163.73
Debit balance written off	5.95	1.09
Loss on sale of assets	4.61	29.09
Dimunition / (Increase) in Value of Current investments	3.06	10.72
	10,798.34	9,656.44
Less: Interest Income	73.98	53.43
Excess provision written back	36.25	35.38
Profit on sale of assets	0.26	-
	110.49	88.82
Operating profit before working capital changes	10,687.85	9,567.63
Adjustment for changes in :		
Decrease / (Increase) in Inventories	(110.05)	1,755.38
(Increase) in Trade Receivables	(976.33)	(2,689.56)
(Increase)/Decrease in Long Term Loans and advances	(156.47)	(61.10)
(Increase)/Decrease in Short Term Loans and advances	116.88	537.22
(Increase)/Decrease in Other Current Assets	(4.68)	736.16
Increase/(Decrease) in Trade & other payables	1,088.21	(568.47)
Cash generated from Operations	10,645.40	9,277.26
Income tax (Net)	(994.12)	(777.44)
Net cash generated from operating activites (A)	9,651.28	8,499.83
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow :		
Sale of fixed assets	11.10	61.82
Interest received	62.32	50.11
Sale of Current Investments	300.14	-
Outflow :		
Acquisition of fixed assets	(4,542.93)	(11,670.86)
Purchase of Current investments	-	(300.13)
Net cash used in Investing activites (B)	(4,169.37)	(11,859.06)

Consolidated Cash Flow Statement for the year ended 31st March,2013

(Figures in ₹ Lakhs)

	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITES		
Increase in Share capital and Share premium	-	1,566.00
Redemption of Preference Share Capital	(400.00)	(271.60)
Share Warrant Application Money (appropriated)/received	-	(783.00)
Proceeds from Term Loans	2,184.72	8,729.19
(Decrease)/Increase in bank borrowings	397.52	(287.33)
Proceeds from Hire purchase loan	54.69	26.51
Proceeds from other unsecured borrowings	1,064.50	711.68
Repayment of Term Loan	(3,925.22)	(2,447.80)
Repayment of Hire Purchase loan	(36.58)	(20.54)
Repayment of other unsecured borrowings	(166.58)	(843.06)
Finance costs paid	(3,465.85)	(3,153.25)
Dividend paid	(361.28)	(201.68)
Dividend Distribution Tax paid	(58.98)	(32.62)
Net cash generated in Financing Activities (C)	(4,713.06)	2,992.49
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	768.85	(366.74)
Cash/Cash Equivalents at the Beginning of the year	616.39	983.13
Cash/Cash Equivalents at the end of the period	1,385.24	616.39

per Our Report of even date
for Brahmayya & Co.,
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao
Partner
Membership No.15850

P.S.Subramanyam
Vice President (Finance)

P.K. Agarwal
Managing Director

Place : Hyderabad
Date : 16.05.2013

E.V.S.V. Sarma
Company Secretary

Navrang Lal Tibrewal
Director

National ECS / Electronic Clearing Service (ECS) for payment of dividend

To the shareholders

The Company has introduced NECS / Electronic Clearing Service (ECS) for payment of dividend. This would facilitate shareholders to obtain the dividend electronically and the payment would consequently be faster and loss of dividend instrument in postal transit would be eliminated.

Under this method, the Company would issue payment instructions to the Clearing House of Reserve Bank of India through the bankers of the Company. The Clearing House would furnish to the service branches of the destination banks branchwise credit reports indicating the beneficiary details such as names of the branches where the accounts are maintained, the names of the beneficiaries, account type, account numbers and the respective amounts. The service branch would in turn pass on the advices to the concerned branches of their bank, which would credit the beneficiary's accounts on the appointed date. An advice of remittance would be sent by the Company to the shareholders opting for electronic transfer.

Considering the benefits derived in NECS/ECS for payment of dividend, shareholders are advised to avail this facility. Securities & Exchange Board of India and the Department of Company Affairs, Government of India, have made it mandatory on the part of the companies to offer NECS/ECS facility, wherever the said facility is available.

Presently, NECS/ECS facility is available at sixteen centres of the Reserve Bank of India viz., Ahmedabad, Bangalore, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. This facility is available only for payment upto a maximum amount of `5 lacs.

Shareholders holding shares in physical form wishing to participate in this scheme may please fill in the NECS/ ECS Mandate Form printed overleaf in legible English, sign and return the same to the Company immediately at its Registered Office/ Registrar & Transfer Agent. Please note that the information provided by you should be accurate and complete in all respects and duly certified by your bankers. In lieu of the bank certification, you may attach a blank cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the NECS/ECS Mandate Form.

The shareholders holding shares in electronic form in the depository system are requested to forward the NECS/ECS particulars to their depository participant for incorporation in their records. The depository would forward the required information to the Company at the time of payment of Dividend.

In case you require any clarification / assistance, please feel free to contact the Company.

E.V.S.V. Sarma
Company Secretary

SURYALAKSHMI COTTON MILLS LTD.

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

Name of the first / sole Shareholder .....

Ledger Folio No. .....

Particulars of bank account of first /sole Shareholder

Name of the Bank .....

Name of the Branch .....

Bank Branch Address .....

9 Digit code number of the Bank and Branch as appearing on the MICR cheque issued by the Bank

Type of the Account ☐ Savings ☐ Current ☐ Cash Credit

Account No. (as appearing on the cheque book)

Ledger No./Ledger Folio No. (if appearing on the cheque book / passbook)

In lieu of the bank certificates to be obtained as under, please attach a blank cancelled cheque or a photocopy of a cheque issued to you by your banker, for verification of the particulars provided herein.

Effective Date

I, hereby, declare that the particulars given above are correct and complete. I undertake to inform you promptly any subsequent changes in the above particulars. If the payment transaction is delayed or not effected at all for reasons of incomplete or incorrect information or beyond the control of the Company, I will not hold Suryalakshmi Cotton Mills Limited responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the Scheme.

Place :

(*as per specimen signature)

Signature of the Shareholder *

Banker's Certification

Certified that the particulars furnished above are correct as per our records.

Banker's Seal

Date:

Signature of the Authorised Official of the Bank

SURYALAKSHMI COTTON MILLS LTD.

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

ATTENDANCE SLIP

50th Annual General Meeting, 28th September, 2013, at 10.30 a.m.

Regd Folio No	
No of Shares Held	

* DP ID	
* Client ID	

Name of the Shareholder	
Name of Proxy	
Signature of Member / Proxy	

I hereby record my presence at 50th Annual General Meeting of the Company at "Triveni", Kamat Lingapur Hotel, 1-10-44/2 Chikoti Gardens, Begumpet, Hyderabad - 500016.

Signature of the member or the Proxy Attending the meeting

If Member, please sign here

If Proxy, please sign here

Note: This form should be signed and handed over at the Meeting Venue. No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring copy of the Annual Report to the Meeting.

* Applicable for investors holding shares in electronic form.

SURYALAKSHMI COTTON MILLS LTD.

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

PROXY FORM

Folio No:	

* DP ID	
* Client ID	

I/We _____

of _____ being a member / member(s) of

SURYALAKSHMI COTTON MILLS LIMITED hereby appoint _____ of

_____ or failing him _____ of

_____ as my/our proxy to attend and vote for me/us on

my/our behalf at the 50th Annual General Meeting of the Company to be held on 28th September, 2013 and at any adjournment thereof.

As witness my/our hand(s) this_____ day of _____ 2013

Signed by the said_____

Affix 30 paise Revenue Stamp

Note: The proxy form must be deposited at the registered Office of the Company, not less than 48 hours before the time for holding meeting.

Corporate Information

Board of Directors

Sri L.N. Agarwal	*Chairman and Managing Director*
Sri Paritosh K. Agarwal	*Managing Director*
Sri R. Surender Reddy	
Dr. A. Nageswara Rao	
Sri Navrang Lal Tibrewal	
Sri R.S. Agarwal	
Sri K.Neel Lohit	*Nominee - IDBI Bank Limited*
Sri H L Ralhan	*Director and Chief Executive (Denim Division)*

Company Secretary
Sri E.V.S.V.Sarma

Vice-President (Finance)
Sri P.S.Subramanyam

Auditors
M/s.Brahmayya & Co
Hyderabad

Bankers
State Bank of India
Industrial Finance Branch
Hyderabad

State Bank of Hyderabad
Commercial Branch
Secunderabad

State Bank of Mysore
Industrial Finance Branch
Ameerpet Hyderabad

IDBI Bank Limited
Saidapet, Chennai

Andhra Bank
Somajiguda
Hyderabad

State Bank of Travancore
Koti, Hyderabad

Registered Office
6th Floor, Surya Towers, 105, S.P.Road
Secunderabad – 500 003
Phone Nos: (040) 27819856/57, 30571600
Fax No: (040) 27846854
Website: www.suryalakshmi.com

Factories
Yarn Division
Amanagallu, Mahabubnagar District
Andhra Pradesh – 509 321

Denim Division
Village Nagardhan, Tehsil Ramtek
Nagpur, Maharashtra – 440 010

Power Plant
Village Nagardhan, Tehsil Ramtek
Nagpur, Maharashtra – 440 010

Registrar & Transfer Agent
Karvy Computershare Private Limited,
Plot No 17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Phone Nos: (040) 44655000

A TRISYS product
info@trisyscom.com

SURYALAKSHMI COTTON MILLS LTD
6TH FLOOR, SURYA TOWERS, 105, S.P.ROAD,
SECUNDERABAD – 500 003

SURYALAKSHMI COTTON MILLS LTD

SURYALAKSHMI

(AN IS/ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED COMPANY)

SCRIP CODE : 521500

FORM A

1	Name of the Company	SURYALAKSHMI COTTON MILLS LIMITED
2	Annual financial statements for the year ended	31st March, 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not applicable
5	To be signed by -	
a	CEO/Managing Director	
b	CFO	
c	Auditor of the Company	
d	Audit Committee Chairman	