



IMAGINATION



STRATEGIES



GROWTH



Forward-looking statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise

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BOUNDLESS IMAGINATION

and sensible strategies pave the way for long-term growth at Suryalakshmi.

Our imagination encourages us to challenge limitations in quality and infuse greater dynamism in operations. The result is that our products are preferred by prominent global clients for whom quality is non-negotiable.

We are leveraging our synergies and capabilities to approach high-growth markets with more value-added products. The consequence of such a strategy is higher margins, greater visibility and stronger financial sustainability.

As global economies and business confidence are on the road to recovery, we are planning to achieve a revenue target of 1,000 crores in the coming three years.

Integration driving value

For a multi-line business operation like Suryalakshmi, integration works as a principal value driver. The more the integration, greater the value generated for customers, shareholders and the wider community of stakeholders.

Our integrated operations span yarn spinning, denim fabric and garment manufacture, catering to the aspirations of a wide cross-section of discerning customers globally.

Products that embellish life



Vision

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

Mission

The mission of 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.

Suryalakshmi captures the value-chain of textile industry from the manufacture of cotton yarn to denim fabric to garments. The Company has manufacturing facilities located in Hyderabad, Ramtek and Amanagullu comprising all three business divisions. Our product profile consists of a wide range of yarn, fabric and garments, with clientele comprising the best of brands in the country and globe.



YARN

61,008

spindles of installed capacity

95%

capacity utilisation in 2013-14

42.5%

share of total revenue in 2013-14

12,768

spindles of additional capacity installed in last 5 years

Polyster, Polyster Viscose, Polyster cotton yarns

DENIM

40Mn

metres annual installed capacity

89%

capacity utilisation in 2013-14

50.7%

share of total revenue in 2013-14

15yrs.

experience in denim manufacture

International and global clients: Levis, Wrangler, POLO RL, DKNY, JC Penney, Walmart, Jones, UFO, Perry Ellis, Next, Marks & Spencers, C&A, Zara, George, Burtons etc.

GARMENTS

4,000

garments operating capacity per day

84%

capacity utilisation in 2013-14

6.80%

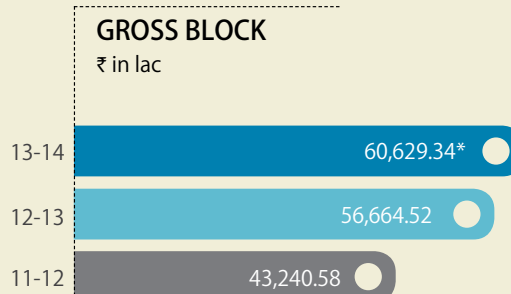
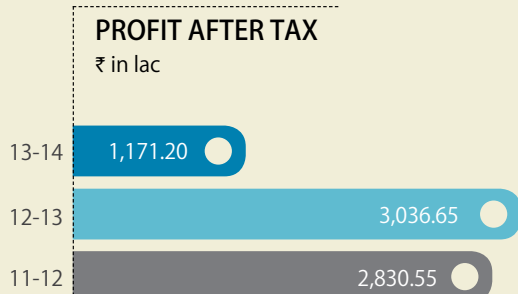
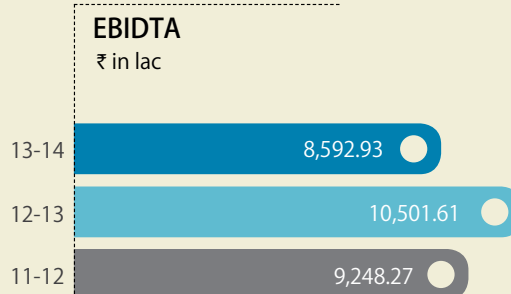
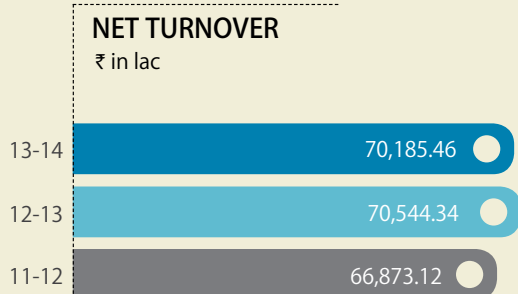
share of total revenue in 2013-14

20.30%

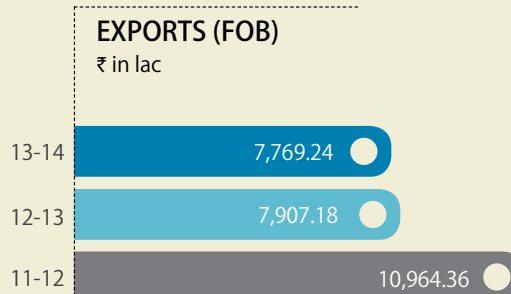
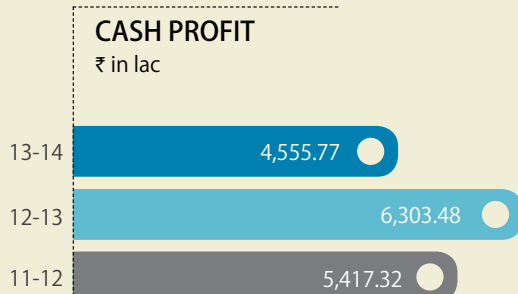
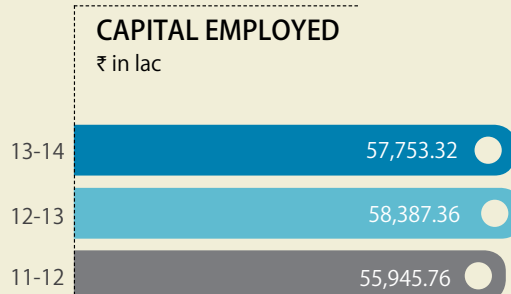
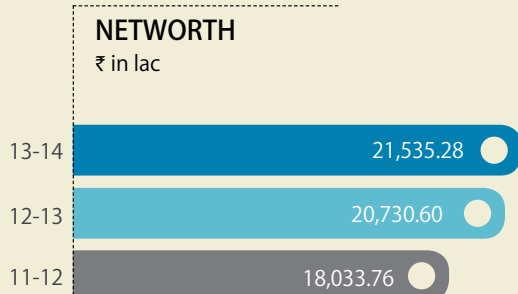
CAGR in revenues in last five years leading to 2013-14

Some of the brands we work with: Levi Strauss, Otto, (Germany), Eagle (Germany), Landmark (UAE), Giovanni Galli (Portugal)

Driven by strategies and imagination



*Excluding increase due to Revaluation of fixed assets





Yarn



Denim



Garments

- 1 Bangladesh
- 2 Portugal
- 3 Brazil
- 4 Argentina
- 5 Turkey

- 6 USA
- 7 Canada
- 8 Peru
- 9 Guatemala
- 10 Venezuela
- 11 Columbia
- 12 Argentina

- 13 Chile
- 14 Mexico
- 15 UK
- 16 France
- 17 Spain
- 18 Portugal
- 19 Italy

- 20 Africa
- 21 Egypt
- 22 Bangladesh
- 23 Vietnam
- 24 Sri Lanka
- 25 Indonesia

- 26 Germany
- 27 Austria
- 28 UAE
- 29 Portugal

Message from the Chairman



The Company is setting up a spinning unit (26,000 spindles) at Amaravati, near Nagpur. The unit will manufacture value-added and fancy yarns, such as ring, lycra, slub and compact.

50.7%

Denim segment's contribution to total revenue

Dear Shareholders,

Global economies are now on the road to recovery. This recovery is spearheaded by advanced economies like the US, Germany and the UK. The growth of advanced economies will create adequate export demand for the emerging markets with the right skills and capacities to cater to that demand. While such a scenario augurs well for the emerging bloc including India, structural bottlenecks to growth need to be removed with speed.

Although the performance of the Indian economy was disappointing in FY 2013-14, it is now geared for a higher growth trajectory. I will not go into the details of what caused the slowdown, because that is all too well known. On the contrary, I must emphasize on the fact that the government's clear focus on across-the-board reforms have generated an environment of optimism and strengthened business and investor sentiment.

The textile industry reflects a global manufacturing ecosystem where developed countries outsource their requirements to emerging economies for cost-effective production.

Owing to its focus on quality standards and cost rationalization, Suryalakshmi is preferred by multiple global brands.

However, it must be admitted that economic volatility, high input costs and overcapacity in the market impacted our operations in FY 2013-14. We achieved ₹ 71,288.50 Lacs of income from operations with a PAT of ₹ 1,171.20 Lacs. But I must reassure investors that Suryalakshmi has the commitment and the calibre to grow, despite challenges. We have embarked on an ambitious mission to achieve topline growth in garments, spinning and fabric sales across domestic and exports markets. We are planning to achieve a revenue target of ₹ 1000 crores, in the coming three years.

EXPANSION

The Company is setting up a spinning unit (26,000 spindles) at Amaravati, near Nagpur. The unit will manufacture value-added and fancy yarns, such as ring, lycra, slub and compact. The facility will be supported by state-of-the-art machines, such as Amsler Slub attachment



from Switzerland, Lycra attachment from Germany, Eli Twist for compact from Germany and Elite Compact from Switzerland. This yarn will be consumed internally and further exported. The project will avail tax savings and TUF subsidies from the Maharashtra Government in addition to interest subsidy from the Central Government.

FABRIC DIVISION

The Company aims to increase sales of fabrics both in domestic markets and overseas through value additions and introduction of new products. It has employed a designer/marketing person from Europe for this purpose. Denim consumption in India is only 0.3 pairs per person and presents huge untapped opportunities that the Company aims to capitalise.

GARMENTS DIVISION

The Company's Garment Division is one of the best in the country complying with rigorous quality parameters. It is audited and approved by Levi Strauss (largest international denim brand), SMETA (Sedex Members Ethical Trade Audit) protocol and listed on the SEDEX platform, a basic requirement for global clients. It is also audited as per BSCI (Business Social Compliance Initiative) protocol for specific German customers.

Suryalakshmi's talented team of experienced designers and experts have the imagination to create and improve designs for domestic and external markets. The Company's garment export volume has increased with innovative product offerings. Improving exports, robust domestic off-take and excise duty cuts on branded garments indicate an encouraging year ahead.

AMALGAMATION

The Company has strengthened its integration by amalgamating Suryalakshmi Cotton Mills and its 100% subsidiary Suryakiran Mills. It aims to utilise denim fabric from Suryalakshmi plants to make denim garments at Suryakiran. Its objective is to improve overall margins by lowering marketing and logistical costs through forward integration. It also aims to deliver more value added denim offerings in India.

PERFORMANCE ACROSS DIVISIONS

Suryalakshmi's domestic garments business has done very well and sales increased to ₹ 4102 lacs in FY 2013-14 from ₹ 3011 Lacs in FY 2012-13. In India, Suryalakshmi caters to the Aditya Birla Group garment brands, such as Allen Solly, Peter England, Levis' India.

Currently, we have achieved robust export sales from our US market and we will continue to consolidate our position in these markets. We are also expanding into European markets. On the export front, fabric sales generated ₹ 5988.57 lacs, accounting for 8.53% of the Company's revenue. Denim contributes 50.7% to revenues and generated ₹ 35580 lacs in 2013-14.

LOOKING AHEAD

The road ahead shows optimism and there are credible reasons for that. Our unit sales volumes are projected to rise in FY2014-15 due to a larger proportion of high-margin denim offerings like stretch fabric and coated denim combined with greater manufacturing efficiencies and a stronger marketing set up. We also aim to enhance our overseas client base for fabric sales.

From manufacturing fabrics, to making denim to establishing stronger ties with clients, we are leveraging every opportunity to shorten the sales cycle and increase our offerings to clients. While we are strengthening relationships with Suryakiran clients for our fabric division to increase fabric exports, we have also built a network of associates for the US market. We are happy to report that we have opened a market consultancy for Europe. We have established a huge customer base across key markets.

Suryalakshmi is recognized worldwide for its relentless focus on product quality and its commitment to extraordinary customer service. It will continue to upgrade its spinning processes by applying leading-edge automation in every aspect of the business and optimise operational costs.

At Suryalakshmi, we have been successful in all these years owing to the dedicated efforts of our people. I thank each and every member of our team for their contribution. Finally, I would also like to express my gratitude to all shareholders and the fraternity of stakeholders for their unwavering support.

L.N. Agarwal

Chairman and Managing Director

A legacy of excellence

Experience

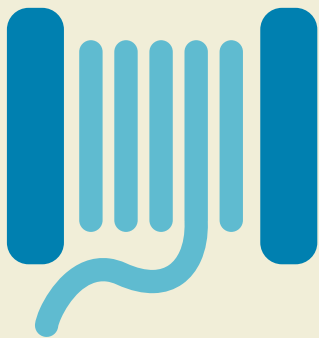
More than five decades of market prominence

Established in 1962, with the vision to be one of the integrated textile manufacturers in the country. Our rich experience of over five decades makes us one of the trusted textile denim manufacturers in the country.

Scale

Over ₹ 222.23 crores of capital investment

In the past five years, we have invested more than ₹ 222.23 crores in our capacities to address the demand from growing markets across the globe. What makes our expansion story interesting is the fact that we have not just limited ourselves to one segment, but grew in all three.



Presence

Global relevance

Apart from having a strong presence in the country, our products reach more than 20 countries globally. The international clients comprise largely niche MNCs, who repose their trust in the quality of our products.

Integration

Three businesses. One Company

One of the distinctive characteristics that strengthen our business sustainability and growth is integration. From yarn to fabric to garment, Suryalakshmi's prudent product selection adds to our competitiveness, providing significant cost savings and higher profitability.



Customers

Powering 10+ international brands

More than 25% revenue of our fabric division is derived from large-scale, international clients. Our consistent quality standards and top-tier customer service has made us globally preferred.

Environment friendly

Zero emission

Our plants and processes possess efficient effluent management systems, ensuring zero discharge.

Infrastructure support

Technology that matters

Most of our equipment is supplied by international majors, such as Toyota, Muratec and Schlafhorst, among others.

Quality

International benchmarks

We possess product quality and environmental certifications, vindicating the value of our brand. From yarns that comprise 5% of uster to garments with AQL 1.5% system, our quality levels are the hallmark of our brand.





IMAGINING BEYOND LIMITATIONS

Ever since our inception, we have always focused on pushing our boundaries further, beyond the comfort zone. Towards higher quality standards and greater customer satisfaction.

<3%

Quality rejections in garments in 2013-14

20

Number of international brands working with us

<5%

Quality rejections in fabrics in 2013-14

27

Countries of presence globally

29

Number of states of presence in India

Our strategy is to leverage our synergies and capabilities to approach high-growth markets. On the one hand, we are reinforcing our presence in domestic markets. On the other hand, we are embracing opportunities in international markets.

Our top-tier quality standards encourage prominent global brands to work with us. Some of the world's iconic fashion brands that we partner with are 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 unmatched quality standards, supported by state-of-the art infrastructure, strengthen our competitive advantage.

Working with the best of brands in the denim industry, we also continue to elevate our customer experience. Our relentless focus on quality products and delivering in shortest period of time has positioned our company as a respected one in the industry.



STRATEGISING FOR COMPETITIVE ADVANTAGES

Our principal strategy has always been to keep pace with changing times and build competitive advantages globally.

200+

New products
launched in the last
three years

26.5%

Yarn capacity
expansion in the
last five years

23%

Increase in
realisation in
garment prices

25MW

Captive Power
capacity as on 31st
March, 2014

In the recent past, several players in India have set up new capacities, creating a situation of over-supply. New capacities have also come up in Bangladesh and Turkey, further adding to the woes of excess supply. While we are also investing in business growth, our strategy has been to align our expansions with the available market demand. We have restructured our product portfolio to ensure optimum capacity utilisation and enhance margins. Currently, our portfolio comprises more value-added products vis-a-vis dyed denims, coated denims, BCI Cotton denims, coloured denims, among others. We have strategically moved up the value chain, producing more high-margin products and reducing the overall share of low-margin products.

We have also stepped up our export presence by strengthening our global team. We have hired associates and market consultants in Europe and the US, geographies which hold good prospects on account of increasing demand. The experience and dynamism of new team members will help us further increase our market share in these regions.



PRUDENCE LEADING TO LONG-TERM GROWTH

Over the years, we have not only created a multi-line business enterprise catering to top-tier global clients, but also achieved financial sustainability. Our business prudence has made us a respected brand globally.

0.71

Debt equity ratio
as on 31st March,
2014

12.05%

EBIDTA margin
as on 31st March,
2014

9.27%

ROCE as on
31st March, 2014

5.54%

RONW as on 31st
March, 2014

₹45Cr+

Cash profit as on
31st March, 2014

Financial sustainability is a part of our business philosophy and as we grow further, we continue to strengthen our fiscal discipline. Aligning our recent expansion plans, we expect our topline to reach ₹ 1000 crores in the next three years. As we continue to focus on our topline, we are streamlining our systems and processes to ensure higher efficiencies.

The extent of our integration is vindicated by the fact that over 97% of yarn produced is used for captive consumption for the manufacture of denim fabric. Garment Division sources its fabric requirements from the Denim Division. The integrated business model helps enhance realisations in all three business segments, strengthening our financial base.

Our captive power facility also helps us improve our cost per unit, with the 25 MW power plant at Ramtek, Nagpur. With more than 8.80 crore units of power generation, Suryalakshmi now has an optimal cost structure, ensuring financial sustainability.

These efforts have resulted in 14.3% CAGR growth in our revenues in the last five years. We have achieved a consistent growth in our cash profits at 13.7% CAGR and our net profits have grown at 28.09% CAGR during the same period. We will continue to focus on emerging opportunities across potential markets to drive long-term growth.

Overview of our business operations

Yarn

We are among the world's most respected cotton, polyester and blended yarns makers. With more than 61,000 spindles, our yarn division has the ability to deliver world-class products. The division is powered by cutting-edge technology, which enables on-time delivery to global clients.

Key highlights, 2013-14

- Earned ₹ 29,854.11 lacs revenue
- Recorded ₹ 720.84 lacs PBT
- Entered into long-term contracts with major suppliers
- Optimised operating costs with reduced power cost per unit, lower inventory levels and higher productivity
- Improved the overall input-output ratio and enhanced the yield ratio
- Reduced the waste generation to minimal levels, contributing to a greener and cleaner environment

Outlook

Despite the rising input costs of the textile industry, we are confident of sustaining our growth levels by leveraging our internal strengths, such as higher efficiencies, improving yield and efficient cost management. We also expect to improve our realisation levels by penetrating deeper into emerging markets.

In view of rising demand for value-added yarns, we are setting up additional capacity of more than 26,000 spindles at Ramtek in Nagpur district. The unit will help manufacture value-added and fancy yarns (such as ring, lycra, slub and compact). The facility will be supported by state-of-the-art machines, such as Amsler Slub attachment from Switzerland, Lycra attachment from Germany, Eli Twist for compact from Germany and Elite Compact from Switzerland.

Denim

Over the past two decades, we have expanded our state-of-the-art denim manufacturing unit capacity to more than 40 million metres annually. Our integrated unit is today the third largest single site in India. The unit is empowered by skilled workforce and contemporary equipment as well as certified by global qualitative and environmental standards.

Key highlights, 2013-14

- Revenue was recorded at ₹ 35,580.16 lacs
- Profit before tax was recorded at ₹ 1,980.56 lacs
- Conducted regular qualitative audits to highest product quality and minimal product waste
- Improved the existing waste recovery system to enhance the material utilisation
- Introduced value-added products, improving realisation per metre
- Partnered with more renowned international brands
- Increased share of value-added Denims

Partnering with brands

Levi Strauss, VF, JC Penny, Peter England
Splash, Forca

Outlook

India currently has a capacity to produce 1 billion meters of denim fabric per annum. India is the second-largest producers of denims after China. Of the total denims manufactured in India, 450 million metres are used in the domestic market and approximately 250 million metres is exported. International brands and retailers are gradually shifting their manufacturing base from traditional destinations like US, Mexico, Turkey and Italy to low-cost and high-quality destination like India. The Company is partnering with prestigious apparel customers like Levi Strauss, Aditya Birla Nuvo Limited [Peter Englad, Allen Solly, Louis Philippe], Landmark group [Splash, Lifestyle – Forca etc. and others for longer term to ensure sustainable business.

Certified by the best

We have always evolved itself in a robust manner in terms of product development, technology and manpower skills to capture export opportunities. In order to enhance our export presence, social and environmental compliance is one of the important prerequisite.

All our plants are audited and approved by Levi Strauss [largest international denim brand], audited and qualified as per SMETA [Sedex Members Ethical Trade Audit] protocol and listed on SEDEX platform (which is basic requirement for most of the European and UK Buyers) and also audited as per BSCI [Business Social Compliance Initiative] Protocol for special German Customers.

Strategies to mitigate risks

Potential Risks

Outdated design trends may cause demand fluctuations

Inadequate raw material availability affects business sustainability

Poor quality standards may affect brand repute

Volatility in power supply may cause fluctuation in production

Environmental risk

Overcapacities and fluctuations in sales volumes may impact business sustainability

Increasing competition may impact brand recall

Practices initiated to mitigate risk

- Our experienced and dedicated design team keeps abreast of evolving fashion trends and consumer needs. It then creates finishes and shades in line with emerging trends
- Using imagination and application in design adds value. Around 80% of our revenues come from value-adds in our garments, especially denim garments
- Our Ramtek unit in Nagpur is situated near cotton growing farmers
- We source large raw cotton from the Cotton Corporation of India, ensuring best rates and consistent supply
- We procure polyester from large organised manufacturers like Reliance Industries
- Technology upgrades with 100% of our looms of the sophisticated shuttleless variety helps us to maintain quality in our products and processes
- We buy our spinning equipment from LMW, Muratec Auto Coner and Luwa
- Our products are at par with Uster standards and are certified for Oeko Tex Standard Product Class II.
- Our plants are certified as per ISO 9001:2008
- Commissioned a 25 MW thermal power plant to provide the Company's captive needs as well as generate revenue from merchant sale to the state electricity grid
- The input requirements of the plant are met from nearby coal mines
- We invest continuously in environmental protection to reduce our carbon footprint
- The Company has set up a zero-discharge reverse osmosis plant and implemented re-cycle of treated effluents
- Our denim plant is certified by ISO 14001 by FQC for environmental standards
- We optimise our supply chain to ensure prompt delivery performance
- We are producing more high-value offerings to utilise excess capacities and approaching emerging markets to ensure steady sales volumes
- Multiple product divisions and strong customer relationships will help us outsmart competition



Sustainable stewardship



At Suryalaxhmi, we have always strived to achieve a fine a balance of economic, environmental and social commitments. The sustainable stewardship mantra is not limited to philanthropy, but encompasses holistic community development and other initiatives to strengthen business sustainability.

Suryalaxhmi Cotton Mills Limited quarterly organises Surgery Camps for the welfare of patients residing in villages near Nagardhan, Maharashtra. The surgical camps are organised with the help of Yogiraj Swami Sitaramdasji Maharaj Hospital & Research Centre (YSSMHRC), Ramtek. A total 150 patients are operated in the camp. The Company has also helped establish a children’s section in the hospital by contributing to equipment cost.

150+

patients were operated in the camp

Directors' Report

To

The Members

Your Directors are pleased to present their Fifty First Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Figures in ₹ Lakhs)

	2013 - 2014		2012-2013	
Gross Profit before Interest & Depreciation		8,077.42		10,783.53
Less : Interest	3,694.16		3,348.13	
: Depreciation & Amortisation expense	3,209.13	6,903.29	2,909.71	6,257.84
Profit/(Loss) before prior year Adjustment		1,174.13		4,525.69
Exceptional Items *		(515.51)		281.92
Profit before tax for the year		1,689.64		4,243.77
Less : Provision for Income Tax for the year		343.00		850.00
Less : Deferred tax liability		175.44		357.12
Profit / Loss after tax		1,171.20		3,036.65
Add : Profit brought forward from last year		8,019.98		5,633.14
Less : Loss of Suryakiran International Ltd – pursuant to Scheme of amalgamation.		(279.93)		-
		8,911.25		8,669.79
Dividend on Preference Share Capital		10.00		-
Dividend on Equity Share Capital		174.27		290.45
Corporate Dividend Tax		31.31		49.36
Transferred to General Reserve		100.00		310.00
Profit transferred to Balance Sheet		8,595.67		8,019.98
		8,911.25		8,669.79

* Exceptional item includes Sales Tax subsidy for the previous years ₹ 209.01 Lacs & MVAT of ₹ 306.50 lacs.

Note: Figures are regrouped based on Revised Schedule VI requirements.

OPERATIONS

The net sales for the year at ₹ 701.86 crores (including Suryakiran's sales) is marginally less compared to the previous year. The net profit after tax at ₹11.71 crores is lower than the profit of the previous year.

The main reason for lower profit has been the loss suffered in the Denim operations on account of a go-slow resorted to by the workers for 42 days and then a lock out declared by the Company which lasted for about 45 days leading to loss of production/sales to the extent of ₹ 70 Crores. The Denim market has been stagnant for most of the year with

no significant improvement in realizations. Export volumes have also not been very encouraging.

The Spinning operations also suffered due to the adverse market and high cost of power and disproportionate increase in raw material prices.

In the Power plant the operating losses have considerably declined due to increased efficiency and lower coal prices. The Power plant could have reported a better performance but for the unviable open access bilateral power sale prices in Maharashtra in view of high power transmission



charges imposed by the Power distribution authority. Power rates in Power exchanges were cheaper as open access transactions are discouraged by charging higher cross subsidy. The Company could not utilise the captive power for its own spinning division in Andhra Pradesh due to unavailability of Transmission Corridor. The Power distribution authorities have been repeatedly apprised of the prevailing power situation in Maharashtra through various Fora. The Coal linkage is still not made available despite several attempts in this direction.

The Company expects the performance of power plant to improve in near future, in view of upcoming textile units and industrial development in Maharashtra. The power plant's capacity utilisation in Maharashtra will also increase when the company's proposed spinning unit in Amaravati district of Maharashtra goes on stream.

DIVIDEND

The Directors are pleased to recommend a Dividend of 12% i.e. ₹ 1.20 per share (previous year ₹ 2.00 per share). The Director's have, keeping in mind, the heavy repayments during the year 2014 – 15 and also the need to conserve resources for future expansion lined up by the company recommended the dividend of ₹ 1.20 per share.

CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of ₹ 10.94 Crore. With a view to ensure that the book values of the Company's assets properly reflect their real value, the Company has recently got its assets revalued. The written up value of the assets on revaluation amounting to ₹ 89.74 Crores was added to the cost of assets on 31st March, 2014 and the same will be written off as per the depreciation method followed by the company.

EXPORTS

The Exports at ₹ 80.64 crores is marginally lower than ₹ 81.80 Crores of last year.

The year did not witness any growth in exports as the global markets remained subdued and under pressure. While some American markets were sluggish, there was excess capacity build up in Turkey and some Asian countries including India leading to lower prices and increased competition.

MERGER

With a view to ensure complete forward integration of Denim into the garmenting facility of the subsidiary SKIL,

ensure sufficient marketing of SKIL products and to have greater flexibility in development of new markets for garments and to reap other administrative advantages and financial savings by way of carry forward of business losses of SKIL, the Boards of Directors of both the companies have proposed a scheme of amalgamation of the wholly owned subsidiary with the company. The Hon'ble High Court of A.P. sanctioned the scheme of amalgamation in April, 2014 and accordingly with effect from 01.04.2013, the entire undertaking of the SKIL comprising all its assets and liabilities stand transferred to and vested in holding company namely Suryalakshmi Cotton Mills Limited. The Annual reports and accounts of SCML of this year includes the operations of Suryakiran from 01.04.2013.

FUTURE OUTLOOK

As part of the Company's growth plans the Company finalised a proposal for setting up a 26,000 spindle unit to manufacture fancy and value added yarns at Amaravathi, Maharashtra. MIDC has already allotted land. Most of the yarn produced in this unit is proposed to be used captively in Denim plant thus minimizing the dependence on outside yarn and also improving the profitability. Further power for this unit can be easily accessed from the company's captive power plant in the Denim division.

The Company plans to reach a turnover of ₹ 1,000 Crores on completion of the project. The profitability is expected to be better once the power plant operations stabilize and the new project goes on stream. The Company is continuing its aggressive approach to new markets and new customers with value added denims being constantly developed in the company. The Company is encouraged by the response from new markets in South America and Europe and the very positive response to its new varieties in women's/girl's products. More favourable government policies are expected to drive the Industrial growth.

DIRECTORS

Sri H L Ralhan (DIN : 00018362) retires by rotation and offers himself for re-appointment. In accordance with the provisions of the Companies Act, 2013 and SEBI guidelines

Sri R Surender Reddy (DIN : 00083972) is being appointed as an Independent Director for a term of 5 years who shall not be liable to retire by rotation.

The tenure of Sri L N Agarwal (DIN : 00008721) as Chairman and Managing Director comes to an end on 21st June, 2014 and is being re-appointed for a period of 5 years.

Mrs. Padmini Agarwal, (DIN : 01652449) W/o. Sri Paritosh Agarwal (DIN : 00008738) has been appointed as a Wholetime Director subject to the approval of Annual General Meeting from 27.05.2014 for a period of 5 years and shall be liable to retire by rotation.

CORPORATE GOVERNANCE

As per the revised Clause 49 of the Listing Agreement on Corporate Governance, Management Discussion and Analysis Report form 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 31st March, 2014 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 31st March, 2014.

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.

For and on behalf of the Board

Date : 27.05.2014

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

(Figures in ₹ Lakhs)

A. POWER & FUEL CONSUMPTION	2013-2014	2012-2013
1 ELECTRICITY		
a) Purchased Units(000)	42,521	65,520
Total amount (₹ lakhs)	2,445	3,974
Rate/Unit(₹)	5.75	6.07
b) Own Generation		
i) Through Diesel Generator		
Units(000)	95	34
Unit per ltr. of Diesel Oil	2.72	2.93
Cost/Unit(₹)	14.82	15.51
ii) Through Steam turbine		
Units(000)	88,030	34,477
Unit per kg of Coal	0.93	*0.60
Coal Cost/Unit(₹)	3.62	*6.70
2 COAL (₹ in lakhs)	3,926	3,170
3 FURNACE OIL	-	-
4 INTERNAL GENERATORS	14	13
5 OTHERS / LPG etc.,	132	128
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (No. of Units)		
Per kg/Yarn	2.10	2.09
Per metre/Fabric	1.77	1.71
Furnace Oil	-	-
Coal (specify Quality)	-	-
Others (specify)	-	-
Grand Total	6,517	7,285

* Includes Coal consumption during trial run period.

B. 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		₹ 40,063/-
(ii) Recurring		₹ 15,66,241/-
(iii) Total		₹ 16,06,304/-
(iv) Total R&D expenditure as a percentage of total turnover		

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	:	
2. Benefits derived as a result the above efforts, e.g., improvement, cost, reduction, product development, import substitution, etc.	:	
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.	:	
(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



Annexure I to Directors' Report

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.

		(Figures in ₹ Lakhs)	
		2013 - 2014	2012 - 2013
g)	Total foreign exchange used and		
(i)	Foreign Exchange Earned		
	FOB Value of Exports	7,769	7,907
	CIF Value of Exports	8,064	8,180
(ii)	Foreign Exchange Used		
a)	Commission on export sales :	156	101
b)	Foreign Travel Expenses	17	16
c)	Raw material	476	1,240
d)	Plant / Machinery & Others:	81	231
e)	Stores & Spares	1,437	1,334
f)	Repayment of loans	500	332
g)	Interest	170	179
h)	Foreign Technical and Consultancy services : and	72	47
i)	Others	8	-

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, 2014.

Name	Age	Qualification	Date of Employment	Designation	Remuneration (₹ in Lacs)	Experience	Last Employment
Sri L. N. Agarwal	80	Under graduate	22.06.2009	Chairman & Managing Director	72.91	53 Years	Chairman & Managing Director, Suryalakshmi Cotton Mills Limited
Sri Paritosh K. Agarwal	41	Graduate	21.06.2010	Managing Director	65.59	21 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

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 and a garment unit near Hyderabad. The Company also has a Captive Power Plant at 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 form 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 one billion meters and there are about 30 players in the Denim market.

INDIAN TEXTILE INDUSTRY

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk, jute and skilled workforce has made India a sourcing hub.

The industry includes production of flexible packaging material for industrial, agricultural and consumer goods. India's technical textile industry is an emerging area for investments with good growth opportunities.

Value Chain of the textile industry



Production of Yarn

The provisional estimates show that the spun yarn production has increased by 488 million kgs, an increase of 11.2 percentages during FY13. The productions of cotton yarn and blended yarn have registered positive growth rates but 100% non-cotton spun yarn has shown stagnation during the year. The estimates show that the Cotton yarn production has increased by 438 million Kg from the level of production of 3126 million Kg in FY12 to 3564 Million Kg in FY13, a 14% increment. Blended yarn production has been estimated to increase by 37 million kg and the 100% non-cotton yarn has been at 457 million Kg with no any increments during FY13. The share of cotton yarn production under all spun yarns has increased from 71.6% to 73.5%. Blends share has shown a marginal decrease while 100% non-cotton yarns have also shown a fall of 0.9 percentages.

Cotton yarn and cotton

Spinning mills seems confident this year as a surge in the demand for cotton yarn is expected in the export market

and domestic apparel and home furnishing sector. A good monsoon and a better crop size may help keep the price of cotton viable for the sector.

Direct yarn exports are likely to touch 1,500 million kg by FY 2014 from 1,107 million kg in FY 2013. There is an increasing anxiety in the industry due to recent developments in Chinese cotton policy since China is the major importer of cotton and cotton yarns from India.

At present, the price difference between Indian and Chinese cotton is high, with the Indian yarn selling at much lower rates. Prices of Indian cotton yarns after payment of duty and taxes in China are still very much lower than the Chinese domestic yarn prices.

Man-made fibres (MMF)

Considering future GDP growth of 8%, the domestic demand for man-made fibres/ filament yarns is estimated at 3.9 billion kg in FY15 and about 6 billion kg in FY20. Adjusting to this the likely exports and imports of MMF, the overall MMF requirement is estimated at 4.2 billion kg



for FY15 and 6.48 billion kg for FY20. This implies capacity additions of about 1.8 billion kg (FY15) and 4.6 billion kg (FY20), which would require an investment of over ₹ 90 billion (approximately US\$ 2 billion) by FY15 and ₹ 230 billion (approximately US\$ 5.1 billion) by FY20.

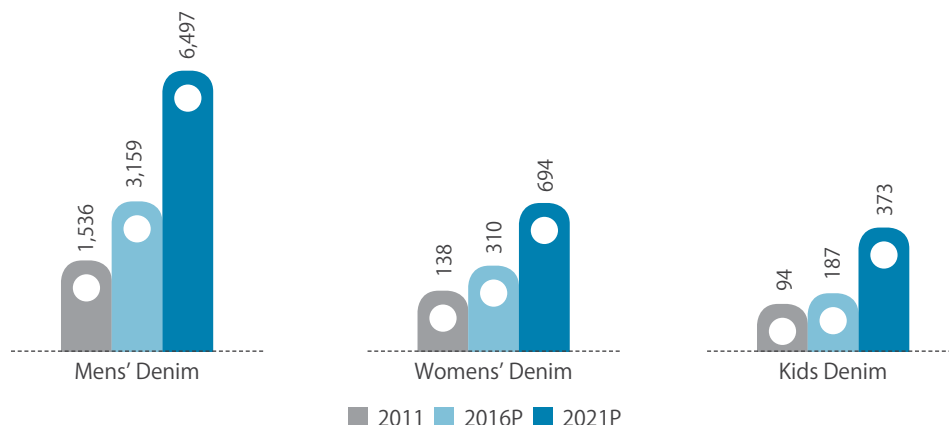
Denim industry

The Indian Denim manufacturing and consumption is growing at a healthy CAGR of 12-15% over the last decade and is expected to grow at similar compounded rates over next few years. The denim capacity build up in India is often in steep-steps i.e. large capacities are added in a short period of time. The current installed capacity of denim fabric production stands at about 1 billion meters per annum. If the capacity continues to grow at even 10% in coming years, India will cross the magical mark of 1.2 billion meters by 2015.

Presently Indian denim industry is facing a situation of over capacity as there is demand and supply mismatch. There is also a temporary pressure on prices. The current domestic consumption of Indian denim is approximately 450 million meters and export of denim fabric from India is approximately 200 million meters which implies that capacity utilisation is approximately 65%-70% at present.

In real terms the per capita consumption of denim in India is only .32 pair of jeans compared to 2 pairs of jeans/person in US and Europe. However, because of the young demographic profile of the population wherein 50% of the population is in the age group of 15-35 years and increasing acceptance of jeans in the younger female segment, our denim consumption will steadily increase.

Domestic Denim Market
(USD mn)



(Source: Technopak Analysis)

Graph not to scale



THE KEY GROWTH DRIVERS

Increase in per capita income: India's consumer spending is going through a fundamental shift. The per capita income is likely to increase by 10.4% to ₹ 74,920 in 2013-14 as the country becomes a \$1.7 trillion economy. So the strong demand for better lifestyle and high disposable income will act as growth drivers for the Company.

Positive retail market: Consumerism in India is witnessing unprecedented growth driven by favourable demographics, a young and working population, rising income levels, urbanization and growing brand orientation. This, in turn, is reflected in India's retail market, which in 2013, was US\$ 520 billion and is expected to grow at a CAGR of 13% to reach around US\$ 950 billion by 2018. Organized retail penetration, currently estimated at 7.5% is expected to clock a 19-20% p.a. growth to reach 10% by 2018.

Government Initiative: The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. It has also allowed 100 per cent FDI in textiles under the automatic route.

Due to policy measures initiated by the Government in the recent past, the Indian textiles industry is in a stronger position than it was in the last six decades. The industry

which was growing at 3-4 percent during the last six decades has now accelerated to an annual growth rate of 8-9 per cent in value terms.

OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Government has addressed the slow down in textiles by proposing a debt restructuring package and also taking various initiatives. Favourable government policies are expected to derive the industrial revival and growth in the country in the near future.

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.

OPERATIONS

Discussion on financial performance

The net sales for the year at ₹ 701.86 crores (including Suryakiran's sales) is marginally less compared to the previous year. The net profit after tax at ₹ 11.71 crores is lower than the profit of the previous year.

The main reason for lower profit has been the loss suffered in the Denim operations on account of a go-slow resorted to by the workers for 42 days and then a lock out declared by the Company which lasted for about 45 days leading to loss of production/sales to the extent of ₹ 70 Crores. The Denim market has been stagnant for most of the year with no significant improvement in realizations. Export volumes have also not been very encouraging.

The Spinning operations also suffered due to the adverse market and high cost of power and disproportionate increase in raw material prices.

In the Power plant the operating losses have considerably declined due to increased efficiency and lower coal prices. The Power plant could have reported a better performance but for the unviable open access bilateral power sale prices in Maharashtra in view of high power transmission charges imposed by the Power distribution authority. Power rates in Power exchanges were cheaper as open access transactions are discouraged by charging higher cross subsidy. The Company could not utilise the captive power for its own spinning division in Andhra Pradesh due to unavailability of Transmission Corridor. The Power distribution authorities have been repeatedly apprised of the prevailing power situation in Maharashtra through various Fora. The Coal linkage is still not made available despite several attempts in this direction.

The Company expects the performance of power plant to improve in near future, in view of upcoming textile units and industrial development in Maharashtra. The power plant's capacity utilisation in Maharashtra will also increase when the company's proposed spinning unit in Amaravati district of Maharashtra goes on stream.

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 31st March, 2014 / 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 DIN 00008721	Chairman & Managing Director–Promoter/ Executive	1	Nil	Nil
Paritosh kumar Agarwal DIN 00008738	Managing Director – Promoter/ Executive	1	Nil	Nil
R. Surender Reddy DIN 00083972	Non-Executive – Independent	6	3	6
Dr. A. Nageswara Rao * DIN 00013295	Non-Executive – Independent	3	6	1
Navrang Lal Tibrewal DIN 00030151	Non-Executive – Independent	Nil	Nil	Nil
R. S. Agarwal DIN 00012594	Non-Executive – Independent	6	4	3
H. L. Ralhan DIN 00018362	Executive – Non-promoter	Nil	Nil	Nil
Kumar Neel Lohit DIN 06504417	IDBI Nominee Non-Executive Independent	Nil	Nil	Nil

* Till his demise on 22.01.2014.

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

Names of Directors	No. of Board Meetings attended during the period 1st April, 2013 to 31st March, 2014	Attendance at the last Annual General Meeting held on 29/09/2014
L. N. Agarwal	4	Present
Paritosh K. Agarwal	4	Absent
R. Surender Reddy	4	Present
Dr. A. Nageswara Rao *	1	Absent
Navrang Lal Tibrewal	4	Absent
R. S. Agarwal	4	Present
H. L. Ralhan	1	Absent
K. Neel Lohit	4	Absent

* Till his demise on 22/01/2014.



Reappointment of Directors

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

Sri L. N. Agarwal

Sri L N Agarwal, is the promoter founder of the Company and was also instrumental in floating the other companies viz., Suryavanshi Spinning Mills Limited, Suryajyothi Spinning Mills Limited and Suryalata Spinning Mills Limited and has vast knowledge of textile industry for more than 5 decades and his experience and guidance is considered vital to the company's growth and hence the Board recommends his reappointment in spite of the fact that he has attained the age of 70 years.

Sri L. N. Agarwal was appointed as Chairman & Managing Director for a period of 5 years w.e.f. 22.06.2009 on a remuneration of ₹ 2 lakhs p.m. plus perquisites. His remuneration was revised to ₹ 4 lakhs p.m. plus perquisites from 15/05/2010 to 21/06/2014. His term of appointment comes to an end on 21st June, 2014. The Nomination and Remuneration Committee has recommended the reappointment of Sri L. N. Agarwal for a period of 5 years at a remuneration of ₹ 4 lakhs plus perquisites per month w.e.f. 22.06.2014. The appointment by the Board is subject to the approval of the Members in the General meeting and also of the financial institutions.

Names of the companies in which he is a Director.

Suryavanshi Finance & Investment Private Limited.

No. of shares held by Sri L. N. Agarwal in the Company is 1364516.

Sri H. L. Ralhan

Sri H. L. Ralhan is a Textile Engineer by profession and has vast experience in Denim Industry. He was reappointed as a Director and Chief Executive Denim Division with effect from 30.01.2011. His present remuneration is ₹ 2,56,410/- p.m. plus perquisites. The Nomination & Remuneration Committee has recommended

his re-appointment as a Director liable to retire by rotation and revise his remuneration as detailed in the notice.

Names of the Companies in which he is a Director/Chairman – None.

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

Sri 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.

The recently enacted Companies Act, 2013 read with the amended Corporate Governance norms as prescribed by SEBI provide that a Listed Company shall appoint Independent Directors for a term of five consecutive years on the Board of a Company. The Independent Director shall also not be liable to retire by rotation during his tenure of 5 years and shall abide by the provisions set out in Schedule IV to the Companies Act, 2013.

Sri R. Surender Reddy satisfies the conditions prescribed in the Act and the Corporate Governance norms and the Board recommends his appointment to the members of the Company.

Names of the companies in which he is a Director.

1. Suryalata Spinning Mills Limited.
2. Hyderabad Race Club Ltd.
3. Suryavanshi Spinning Mills Ltd.
4. Surana Ventures Ltd.
5. Bhagyanagar India Ltd.
6. Lakshmi Finance & Industries Corpn. Ltd.
7. Suryajyoti Spinning Mills Ltd

No. of shares held by Sri R Surender Reddy in the Company is 28000.

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 K. Neel Lohit - Member, IDBI Nominee & Independent

c. Meetings and attendance during the year

During the financial year 31st March, 2014 - Four Audit Committee Meetings were held on 16.05.2013, 08.08.2013, 07.11.2013 & 13.02.2014

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

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 K. Neel Lohit - Member – Non - Executive - Independent (IDBI Nominee Director)

c) Attendance during the year

During the financial year ended 31st March, 2014, one Remuneration Committee Meeting was held on 16.05.2013.

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 01.04.2013 to 31.03.2014)

Name	Designation	Salary & Perquisites (₹ in lacs)	Commission (₹ in lacs)	Total (₹ in lacs)
L. N. Agarwal	Chairman & Managing Director	62.44	10.47	72.91
Paritosh K. Agarwal	Managing Director	55.12	10.47	65.59
H. L. Ralhan	Director & Chief Executive (Denim Division)	34.41	-	34.41

Sitting Fees

Name	Designation	Amount (₹)
Sri R. Surender Reddy	Director	32500
Sri Navrang Lal Tibrewal	Director	30000
Dr. A. Nageswara Rao	Director	5000
Sri R. S. Agarwal	Director	30000
Sri Kumar Neel Lohit	Nominee – IDBI	30000

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 – 4 Nos.

No. of Complaints received for the Year ended 31st March, 2014 – 45 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
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
2012-2013	28/09/2013	"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 29/09/2011 –
 - i. Reappointment of Mr. H. L. Ralhan as Director and Chief Executive – Denim Division.
2. 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.
3. At the AGM held on 28/09/2013 –
 - i. Revision in the remuneration payable to Mr.H. L. Ralhan as Director and Chief and Executive – Denim Division.

c) Court convened meetings :

Three meetings convened by Hon'ble High Court of A.P. vide its order dt.31.12.2013 of the Equity shareholders of the Company, Secured creditors and Unsecured Creditors (to whom the company owes ₹ 3 lacs and above) were held on 15.02.2014 at Rajdhani Hall, 1st floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise circle, S.D. Road, Secunderabad 500 003 to consider and approve the proposed scheme of amalgamation of the wholly owned subsidiary Suryakiran International Limited with the company in terms of the Scheme of amalgamation submitted by both the Companies.

7. DISCLOSURES

- a) **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 (₹ in lacs)
Shri L. N. Agarwal Chairman & Managing Director	Key Management	a) Remuneration	62.45
		b) Interest (Gross)	51.02
		c) Commission	10.47
		d) Purchase of Shares	9.56
Shri P. K. Agarwal Managing Director	Key Management	a) Remuneration	55.12
		b) Interest (Gross)	28.07
		c) Commission	10.47
		d) Purchase of Shares	20.05
Shri L. N. Agarwal (HUF)	Key Management	a) Interest (Gross)	20.16
Shri H. L. Ralhan Director	Key Management	a) Remuneration	34.41
Smt Sathyabhamabai	Wife of Shri L. N. Agarwal	a) Interest (Gross)	17.81
Smt Padmini Agarwal	Wife of Shri P. K. Agarwal	b) Purchase of Shares	26.77
		a) Remuneration	15.00
Kum Aparna Agarwal	Daughter of Shri P. K. Agarwal	b) Interest (Gross)	11.95
		c) Purchase of Shares	5.50
		a) Interest (Gross)	7.13
Master Vedanth Agarwal	Son of Shri P. K. Agarwal	a) Interest (Gross)	4.46
L. N. Agarwal Family Trust	Key Management	a) Interest (Gross)	1.39



Name of the party	Relationship	Nature of Transaction	Current Year Amount (₹ in lacs)
M/s. Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M.	336.54
M/s. Suryakiran International Ltd.,	Subsidiary	a) Sale of Fabric	-
		b) Sale of DEPB Lic.	-
		c) Purch. of FMS Lic	-
M/s. Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of Yarn	-
		b) Interest	28.00
		c) Sale of Industrial Waste	-
		d) Sale of RM	-
		e) Purchase of RM	-
		e) Advance for Purchase of RM	200.00
M/s. Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of RM	-
		b) Advance for RM	50.00
M/s. Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Advance for Purchase of RM	-
		b) Purchase of RM(VSF)	-
		c) Cotton Purchases	-
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of Fabric	458.73
		b) Interest (Gross)	29.99
		c) Rent	0.60
M/s. SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	75.28
		b) Purchase of Shares	27.10

b) 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 31st March, 2014, at its meeting held on 27.05.2014.

c) 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
2012 - 13 : 27/09/2013

Actual date of filing the
report : 20/09/2013

The Cost Audit Report for the relevant financial year viz 2013-14 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	765
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.

f) Corporate Identification Number (CIN):

L17120TG1962PLC000923

9. GENERAL SHAREHOLDER INFORMATION**a) AGM : Date, Time and Venue**

Date : August 4, 2014

Time : 10.00 a.m.

Venue : KLN Prasad Auditorium, 3rd Floor, Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad 500 004.

**b) Financial Year**

1st April to 31st March following

c) Date of Book Closure

28th July, 2014 to 4th August, 2014 (both days inclusive)

d) Dividend Payment Date

On or after August 12, 2014

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, 2013	68.50	57.50	67.65	57.35	19,622.68	18,144.22
May, 2013	66.40	52.40	68.45	53.50	20,443.62	19,451.26
June, 2013	56.00	51.02	55.95	49.00	19,860.19	18,467.16
July, 2013	54.95	43.05	54.70	44.00	20,351.06	19,126.82
August, 2013	48.95	42.00	49.10	40.45	19,569.20	17,448.71
September, 2013	59.00	45.00	58.60	44.00	20,739.69	18,166.17
October, 2013	55.80	45.00	54.00	40.40	21,205.44	19,264.72
November, 2013	59.00	44.20	57.95	44.00	21,321.53	20,137.67
December, 2013	50.00	45.15	50.00	44.80	21,483.74	20,568.70
January, 2014	50.90	43.00	52.05	44.10	21,409.66	20,343.78
February, 2014	51.95	38.10	51.70	36.05	21,140.51	19,963.12
March, 2014	45.00	38.00	44.25	41.00	22,467.21	20,920.98

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 44655208

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 31st March, 2014**

Particulars	No. of Shares	% of Holding
Promoters	9326889	64.22
Indian Public	3818640	26.31
Bodies Corporate	1165229	8.02
Banks & Financial Institutions	152857	1.05
Mutual Funds	2800	0.02
FII's	0	0.00
Non Resident Indians	55875	0.38
	14522290	100

Distribution of shareholding

Nominal Value	Holders			Amount	
	Number	% to Total	In ₹	% to Total	
Upto 5000	5667	85.28	7428460	5.12	
5001 – 10000	475	7.15	3767000	2.59	
10001 – 20000	223	3.36	3452240	2.38	
20001 – 30000	77	1.16	1958690	1.35	
30001 – 40000	41	0.62	1492120	1.03	
40001 – 50000	26	0.39	1215960	0.84	
50001 – 100000	60	0.90	4097400	2.82	
100001 and above	76	1.14	121811030	83.87	
Total	6645	100.00	145222900	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) 14369157 shares amounting to 98.95 % of the Capital have been dematerialised by investors as on 31st March, 2014.

ISIN : INE713B01026

Address of Registrars for Dematerialisation of Shares.

Karvy Computershare Private Limited

Plot No.17 to 24, Vittal Rao Nagar,

Madhapur, Hyderabad 500 081 (A.P.) India

Ph # 91 040 4465208

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.

Telangana - 509 321

Denim Division & Power Plant

Ramtek Mauda Road

Village Nagardhan, Tehsil Ramtek, Nagpur.

Maharashtra - 440 010

Garment Division

Tummaluru village, Maheswaram Mandal

R.R. District, Telangana - 501 359

**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 44655208

- 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 & / 30571600 / 1622
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 27.05.2014

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 31st March, 2014.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place: Secunderabad
Date: 27.05.2014.

L. N. AGARWAL
Chairman and 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, SECUNDERABAD, A.P. for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No: 000513S

K. S. Rao
Partner
Membership No.015850

Place : Secunderabad
Date : 27.05.2014

Financial Statements

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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 31st March, 2014, 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 31st March, 2014;
- 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 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: 015850

Place : Secunderabad
Date : 27.05.2014

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) The plant and machinery disposed off during the year by the company is not substantial 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 ₹8.11 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 and fabric 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, 2014 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	32.89	2005-06	CESTAT, Mumbai
TPS #	3307.33	2004-05	Jt.DGFT, Hyderabad
Customs Duty #	559.37	2004-05	DRI, Hyderabad
Excise Duty	10.26	2011-12 & 2012-13	CESTAT, Bangaluru
Customs Duty	61.49	2009	Hon'ble High Court of Judicature of A.P.

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

- | | |
|---|---|
| <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
|---|---|

for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration Number: 000513S

(K.S.RAO)

Partner

Membership Number: 015850

Place : Secunderabad

Date : 27.05.2014

Balance Sheet

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	1,829.53	1,629.53
(b) Reserves and surplus	2	28,965.25	19,101.07
		30,794.78	20,730.60
2 Non-current liabilities			
(a) Long-term borrowings	3	15,029.81	17,870.08
(b) Deferred tax liabilities (Net)		3,020.75	2,845.31
(c) Long-term provisions	4	388.62	268.26
		18,439.18	20,983.65
3 Current liabilities			
(a) Short-term borrowings	5	13,317.35	12,749.87
(b) Trade payables		5,163.22	4,459.67
(c) Other current liabilities	6	7,025.62	6,025.49
(d) Short-term provisions	7	724.28	800.19
		26,230.47	24,035.23
Total		75,464.43	65,749.48
II. ASSETS			
Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		45,118.52	36,040.70
(ii) Intangible assets		88.90	62.49
(iii) Capital work-in-progress		21.75	123.75
(b) Non-current investments	9	0.00	447.97
(c) Long-term loans and advances	10	419.67	422.06
(d) Other Non Current Asset	11	85.36	0.00
		45,734.20	37,096.97
Current assets			
(a) Current investments	12	9.95	9.19
(b) Inventories	13	11,074.98	10,448.24
(c) Trade receivables	14	10,961.20	11,855.29
(d) Cash and cash equivalents	15	883.23	1,287.26
(e) Short-term loans and advances	16	3,092.82	2,092.98
(f) Other current assets	17	3,708.05	2,959.55
		29,730.23	28,652.51
Total		75,464.43	65,749.48

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

K.S.Rao
Partner
Membership No.015850

Place : Secunderabad
Date : 27.05.2014

E.V.S.V. Sarma
Company Secretary

P.S.Subramanyam
Vice President (Finance)

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P.K. Agarwal
Managing Director



Statement of Profit and loss

for the year ended 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	Note No.	Current Year 31st March, 2014	Previous Year 31st March, 2013
I. Revenue from operations	18	70,185.76	70,544.34
II. Other income	19	1,102.74	779.46
III. Total Revenue (I + II)		71,288.50	71,323.80
IV. Expenses:			
Cost of materials consumed	20	42,689.11	41,866.34
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(530.20)	112.10
Employee benefits expense	22	4,786.22	3,501.10
Finance costs	23	3,694.16	3,348.13
Depreciation and amortization expense	24	3,209.13	2,909.71
Other expenses	25	16,265.95	15060.73
Total expenses		70,114.37	66798.11
V. Profit before exceptional items and tax		1,174.13	4525.69
VI. Exceptional Items (Add / Less)		(515.51)	281.92
VII. Profit before tax		1,689.64	4243.77
VIII. Tax expense :			
(1) Current tax		343.00	850.00
(2) Deferred tax		175.44	357.12
Sub-Total - Tax expense :		518.44	1,207.12
IX. Profit for the period, after tax		1,171.20	3,036.65
X. Earnings per equity share:			
(1) Basic		7.98	20.91
(2) Diluted		7.98	20.91

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.0005135

K.S.Rao
Partner
Membership No.015850

Place : Secunderabad
Date : 27.05.2014

E.V.S.V. Sarma
Company Secretary

P.S.Subramanyam
Vice President (Finance)

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P.K. Agarwal
Managing Director

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
NOTE 1 SHARE CAPITAL :				
Authorised				
Equity Shares of ₹10 each	30,000,000	3,000.00	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	-	-
	30,872,000	3,872.00	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
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	-	-
	21,923,556	2,977.16	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
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	-	-
	14,722,290	1,652.23	14,522,290	1,452.23
Forfeited Shares :				
		177.30	-	177.30
Total	14,722,290	1,829.53	14,522,290	1,629.53

- (a) During the financial year, the Authorised Capital of the Company has increased pursuant to the Scheme of Amalgamation a) 5,000,000 Equity Shares of ₹10 each, b) 200,000 - 5% Non-Cumulative Redeemable Preference Shares of ₹100 each
- (b) 8,032,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.
- (c) During the financial year, the Company has issued 200,000 - 5% Non Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, as per the Scheme of Amalgamation, to the preference shareholders of erstwhile Suryakiran International Ltd. The same will be redeemed on 21st December, 2021.
- (d) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956



Notes forming part of the Financial Statement

as at 31st March, 2014

Particulars	Equity Shares		0.1% Cum. Redeemable Preference Shares		5% Non-Cum. Redeemable Preference Shares	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Shares outstanding at the beginning of the year	14,522,290	14,522,290	-	400,000	-	-
Shares Issued during the year	-	-	-	-	200,000	-
Shares redeemed / bought back during the year	-	-	-	400,000	-	-
Shares outstanding at the end of the year	14,522,290	14,522,290	-	-	200,000	-

(e) 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 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a) Equity Shares:				
Smt. Satyabhama Bai	3,023,032	20.82%	3,023,032	20.82%
Sri Paritosh Agarwal	1,478,472	10.18%	1,478,472	10.18%
Sri L N Agarwal	1,364,516	9.40%	1,364,516	9.40%
Master Vedanth Agarwal	1,065,356	7.34%	1,065,356	7.34%
Smt. Padmini Agarwal	971,815	6.69%	971,815	6.69%
b) Preference Shares:				
Sri Paritosh Agarwal	75,000	37.50%	-	-
Sri L N Agarwal	125,000	62.50%	-	-

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
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	6,854.51
Closing Balance	6,854.51	6,854.51
c. Revaluation Reserve		
At the commencement of the year	-	-
(+) Current Year Transfer	8,974.14	-
Closing Balance	8,974.14	-
d. Investment Allowance Reserve (Utilised)		
At the commencement of the year	109.41	109.41
Closing Balance	109.41	109.41

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 2 RESERVES & SURPLUS :		
e. Export Allowance Reserve		
At the commencement of the year	2.67	2.67
Closing Balance	2.67	2.67
f. Preference Capital Redemption Reserve		
At the commencement of the year	671.60	671.60
Closing Balance	671.60	671.60
g. Special capital incentive		
At the commencement of the year	30.00	30.00
Closing Balance	30.00	30.00
h. General Reserve		
At the commencement of the year	3,410.81	3,100.81
(+) Current Year Transfer	100.00	310.00
Closing Balance	3,510.81	3,410.81
i. Amalgamation / Capital Reserve #		
At the commencement of the year	-	-
(+) Current Year Transfer	214.35	-
Closing Balance	214.35	-
j. Surplus		
At the commencement of the year	8,019.98	5,633.14
(+) For the current year	1,171.20	3,036.65
(+) Loss of SKIL adjusted - Pursuant to Scheme of Amalgamation	279.93	-
(-) Proposed Dividend on Equity Shares	174.27	290.45
(-) Proposed Dividend on Preference Shares	10.00	-
(-) Corporate Dividend Tax	31.31	49.36
(-) Transfer to General Reserve	100.00	310.00
Closing Balance	8,595.67	8,019.98
Total	28,965.25	19,101.07

Pursuant to Scheme of Amalgamation, the excess of Equity Share Capital ₹ 445.78 Lacs, & Security Premium account ₹434.58, totaling to ₹ 880.36 Lacs, of erstwhile Suryakiran International Ltd. over Investment by the Company amounting to ₹666.01 Lacs in SKIL, i.e., ₹214.35 Lacs is considered as Amalgamation / Capital Reserve.



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 3 A. LONG TERM BORROWINGS :		
Secured		
a) (i) Term loans		
from banks (Under TUFs)		
(a) IDBI Bank Ltd. - 1 (10.20+3.00 Crores)	39.19	47.44
(b) IDBI Bank Ltd. - 2 (Rupee Tied)	304.77	368.93
(c) IDBI Bank Ltd. - TUF Scheme-II (70 Crores)	1,116.75	2,464.00
(d) IDBI Bank Ltd. - 3 (FCL converted)	33.13	40.49
(e) State Bank of India - TUFs - I (30 Crores)	593.75	1,149.00
(f) State Bank of India - TUFs - II (45 Crores)	889.50	1,722.00
(g) State Bank of Mysore - TUFs	205.00	487.00
(h) Andhra Bank	770.83	983.55
(i) State Bank of Travancore	3,107.63	3,507.72
(j) State Bank of Hyderabad - TUFs	953.02	1,253.02
(k) State Bank Of India - TUFs	375.50	-
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	3,977.97	4,116.10
	12,367.04	16,139.25

- Note: 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.
3. The Loan referred at (k) above is secured by mortgage of present and future movable and immovable properties of the Company's Garment Division 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%	15
b. IDBI-2	28.09.1995	10.25%	15
c. IDBI Tuf Scheme -II	15.12.2005	10.25%	7
d. IDBI-3	28.09.1995	14.25%	15
e. SBI-TUF Scheme-1	12.08.2005	14.20%	8
f. SBI-TUF Scheme-II	25.01.2006	14.20%	8
g. SBM-TUF Scheme	28.04.2006	13.90%	8
h. Andhra Bank - TUF Scheme	04.09.2010	13.75%	19
i. SBT	22.06.2011	14.25%	27
j. SBH under TUF Scheme	13.07.2011	13.50%	16
k. SBI TUFs	14.11.2005	18.00%	7
(ii) (a). IDBI Bank (ECB)	12.07.2011	6 MONTH LIBOR +300 BASIC POINTS	16

Notes forming part of the Financial Statement

as at 31st March, 2014

Particulars	As at 31st March, 2014	As at 31st March, 2013
Other loans and advances		
b) Vehicle Hire Purchase Loan	1.86	22.17
from ICICI Bank & HDFC Bank		
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	1.86	22.17
c) Unsecured		
Other Long Term Borrowings		
(I) Deposits		
From others Fixed deposits	-	2.00
(II) Loans and advances from related parties		
Unsecured Loan from Directors	814.93	678.50
Fixed Deposits from related parties	687.00	290.00
Inter-corporate Deposits	1,022.54	573.00
	2,524.47	1,543.50
d) Deferred Sales Tax Liability	136.44	165.16
Total (a+b+c+d)	15,029.81	17,870.08

The Salestax deferment liability amounting to ₹136.44 lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount ₹ Lakhs	Repayment of Year
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	136.44	

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 4 LONG TERM PROVISIONS :		
(a) Provision for employee benefits		
Gratuity (unfunded)	304.46	198.90
Leave Encashment (unfunded)	84.16	69.36
Total	388.62	268.26



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 5 SHORT TERM BORROWINGS :		
Secured		
(a) Loans repayable on demand from banks		
(I) State Bank of India		
Cash Credit	6,996.31	5,154.25
Packing Credit	100.68	1,992.72
SLC	1,264.65	1,499.08
(II) State Bank of Hyderabad		
Cash Credit	505.83	499.95
Packing Credit	408.47	324.83
SLC	290.16	300.00
WCDL	600.00	600.00
(III) State Bank of Mysore		
Cash Credit	263.71	536.90
STL	1,000.01	500.00
(IV) IDBI Bank Ltd.		
Cash Credit	966.72	466.97
STL	850.00	800.00
	13,246.54	12,674.70
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	20.31	30.42
from ICICI Bank & HDFC Bank		
	20.31	30.42
Unsecured		
(a) Loans and advances		
Fixed Deposits from related parties	50.50	44.75
	50.50	44.75
Total	13,317.35	12,749.87

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 6 OTHER CURRENT LIABILITIES :		
(a) Current maturities of long-term debt		
(i) Term Loan under TUFS from Bank		
(a) IDBI Bank Ltd. - 1	8.25	8.25
(b) IDBI Bank Ltd. - 2	64.16	64.16
(c) IDBI Bank Ltd. - TUF Scheme-II	1,347.25	1,300.00
(d) IDBI Bank Ltd. - 3	7.36	7.36
(e) State Bank of India - TUFS - I	555.25	536.00
(f) State Bank of India - TUFS - II	832.50	804.00
(g) State Bank of Mysore - TUFS	231.00	204.00
(h) Andhra Bank	212.71	212.71
(i) State Bank of Travancore	400.00	280.00
(j) State Bank of Hyderabad - TUFS	300.00	300.00
(k) State Bank Of India -TUFS	268.00	-
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	570.35	445.13
	4,796.83	4,161.61
(b) Interest accrued but not due on borrowings	260.36	162.26
(c) Unpaid dividends	12.62	12.47
(d) Creditors for Capital purchases	190.81	417.45
(e) Other payables	1,280.58	1,053.06
(f) Other payables - Statutory dues	126.12	126.55
(g) Advances received against sales	329.57	62.21
(h) Sales tax deferment payable	28.73	29.88
	2,228.79	1,863.88
Total	7,025.62	6,025.49

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 7 SHORT TERM PROVISIONS :		
(a) Provision for employee benefits		
Salary & Reimbursements	269.24	223.35
Contribution to PF & ESI	24.22	16.66
Gratuity (Funded)	49.54	36.70
Bonus Payable	153.97	156.93
(b) Others (Specify nature)		
Proposed Preference Shares dividend	10.00	-
Proposed Equity Shares dividend	174.27	290.45
Corporate Dividend Tax	31.32	49.36
Provision for Income Tax (Net)	11.72	26.74
Total	724.28	800.19



Notes forming part of the Financial Statement

as at 31st March, 2014

NOTE 8 FIXED ASSETS :

Particulars	Gross Block					Accumulated Depreciation				Net Block			
	Balance as at 1 April 2013 SCML	Transfer from SKIL	Additions	Revaluations	Disposals/ Adjustments	Balance as at 31 Mar 2014	Balance as at 1 April 2013	Adjustment due to revaluations	Depreciation charge for the period	On disposals/ Adjustments	Balance as at 31 Mar 2014	Balance as at 1 April 2013	
a Tangible Assets													
Land	445.24	53.04	0.27	2,310.15	-	2,808.70	-	-	-	-	2,808.70	445.24	
Buildings :													
Factory Buildings	5,904.76	537.01	127.62	2,897.32	9,466.71	9,466.71	1,421.05	108.16	217.34	2,445.48	7,021.23	4,483.71	
Non-Factory Buildings	1,970.66	493.52	29.74	1,816.42	4,310.34	4,310.34	272.37	43.18	40.47	710.81	3,599.53	1,698.29	
Township	665.59	-	19.06	250.58	935.23	935.23	43.77	-	10.94	283.37	651.86	621.82	
Plant and Equipment :													
Workshop Equipment	7.87	-	0.13	-	8.00	8.00	2.74	-	0.42	3.16	4.84	5.13	
Plant and Machinery	41,222.80	1,331.08	933.17	10,184.01	53,666.19	53,666.19	17,304.91	384.47	2,544.40	27,434.11	26,232.08	23,917.89	
Testing Equipment	343.42	-	0.40	-	343.82	343.82	124.94	-	14.78	139.72	204.10	218.48	
Electrical Installations	4,236.21	239.38	17.73	-	4,493.32	4,493.32	938.74	70.62	205.74	1,215.10	3,278.22	3,297.47	
Weighing Machines	32.61	-	0.45	-	33.06	33.06	16.35	-	1.29	17.64	15.42	16.26	
Water Works	456.76	8.44	0.24	-	465.44	465.44	48.30	0.70	6.78	55.74	409.66	408.46	
Furniture and Fixtures	288.19	73.17	22.51	-	383.87	383.87	162.24	27.25	20.72	210.21	173.66	125.95	
Vehicles	209.10	5.84	-	-	214.94	214.94	59.50	1.85	18.75	80.10	134.84	149.60	
Data Processing Equipment	225.17	23.86	8.55	-	257.58	257.58	101.51	17.31	27.46	146.28	111.30	123.66	
Power Lines *	556.56	-	-	-	556.56	556.56	27.82	-	55.66	83.48	473.08	528.74	
Total	56,564.94	2,765.34	1,159.87	17,458.48	4.87	77,943.76	20,524.24	653.54	3,164.75	1.63	32,825.24	45,118.52	36,040.70
b Intangible Assets													
Computer software	99.59	7.89	36.58	-	144.06	144.06	37.10	2.13	15.93	55.16	88.90	62.49	
Total	99.59	7.89	36.58	-	144.06	144.06	37.10	2.13	15.93	-	55.16	62.49	
c Capital Work In Progress													
Total	123.75	-	1,094.45	1,196.45	1,196.45	21.75	-	-	-	-	21.75	123.75	
Total (a+b+c)	56,788.28	2,773.23	2,290.90	17,458.48	1,201.33	78,109.57	20,561.34	655.67	3,180.68	1.63	32,880.40	45,229.17	36,226.94
Less : Internal Transfers	-	-	1,196.45	-	1,196.45	-	-	-	-	-	-	-	
Total	56,788.28	2,773.23	1,094.45	17,458.48	4.87	78,109.57	20,561.34	655.67	3,180.68	1.63	32,880.40	45,229.17	36,226.94
Previous Year	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

* 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, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 9 NON-CURRENT INVESTMENTS :		
At Cost - Non-Trade - Unquoted :		
Investment in Subsidiary Company		
22,69,860 Equity shares @ ₹10/- each in Suryakiran International Limited	-	447.97
	-	447.97

(Aggregate amount of unquoted investments - NIL (Previous Year ₹ 4,47,97,200/-))

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 10 LONG TERM LOANS AND ADVANCES :		
a. Deposits Recoverable	419.57	421.96
(Unsecured considered good) (Telephone, APSEB Electricity, Coal Deposit & other deposits)		
b. Security Deposit	0.10	0.10
(Secured, considered good) (NSC pledged as security for ₹10,000/- with Sales Tax Dept.)		
	419.67	422.06

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 11 OTHER NON CURRENT ASSET		
Product Development Expenditure	113.81	-
Less : Written Off during the year	28.45	-
	85.36	-



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 12 CURRENT INVESTMENTS : (At Cost - Traded - Quoted)		
Investment in Equity instruments		
1,02,100 Equity Shares of ₹ 10/- each in Suryavanshi Spinning Mills Ltd.	105.19	105.19
Less : Provision for diminution in the value of Investments	95.24	96.00
	9.95	9.19

(Aggregate market value of Quoted investments - ₹ 9.95 Lakhs (Previous Year ₹ 9.19 Lakhs))

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 13 INVENTORIES :		
(Valued and certified by the Management)		
(Value at lower of cost and net realisable value, unless otherwise stated)		
a. Raw Materials	3,525.75	4,089.78
b. Stores and spares	1,425.99	1,652.73
c. Finished goods	3,406.51	2,948.15
d. Work-in-progress	2,706.74	1,749.09
e. Others - Cotton & PV Waste (at realisable value)	9.99	8.49
Total	11,074.98	10,448.24
Details of Raw Materials :		
Cotton	2760.62	3,323.51
Yarn	447.51	576.00
Polyster Staple Fibre	64.02	122.44
Viscose Staple Fibre	40.10	67.83
Fabric	213.50	-
Total	3,525.75	4,089.78

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 14 TRADE RECEIVABLES :		
Receivables for a period exceeding six months		
Unsecured, considered good	293.90	503.22
Unsecured, considered doubtful	0.00	60.27
Less: Provision for doubtful debts	0.00	-60.27
	293.90	503.22
Receivables for a period less than six months		
Unsecured, considered good	10667.30	11,352.07
	10,667.30	11,352.07
Total	10,961.20	11,855.29

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 15 CASH AND CASH EQUIVALENTS :		
a. Balances with Banks		
With Scheduled Banks	197.36	446.81
b. Cash on hand	19.25	11.37
c. Balance with Banks against Dividends payments	12.68	12.53
d. Balance with Banks against Margin Money / Guarantees	439.81	303.51
e. Fixed Deposits	214.12	513.03
f. Post office Savings Bank	0.01	0.01
Total :	883.23	1,287.26

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 16 SHORT-TERM LOANS AND ADVANCES : (Unsecured considered good)		
a. Advances for Capital purchases	439.85	185.47
b. Advances for purchases of Raw Material & Stores	1,327.03	644.31
c. Advances to Staff	39.02	26.27
d. Other Advances	1,286.93	1,236.93
	3,092.83	2,092.98
Disclosure pursuant to Note no.R (iv) of Part I of Schedule VI to the Companies Act, 1956		
Other officers of the Company *	23.60	16.31
	23.60	16.31



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 17 OTHER CURRENT ASSETS :		
TED Refund receivable	304.77	548.34
Interest subsidy receivable	309.41	389.18
Deposits recoverable	2.59	0.56
Claims/Other Receivable	2,053.95	1,417.93
Export Benefit Entitlement Receivable	577.42	257.93
Pre-paid expenses	186.68	134.27
Excise Duty Refund Receivable	207.87	166.16
Balance With Central Excise Department	0.96	1.64
Accrued interest	64.40	43.54
	3,708.05	2,959.55

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 18 SALE OF PRODUCTS :		
Yarn	30,536.79	29,433.16
Fabric	33,537.94	40,766.40
Power	4,177.61	2,036.70
Garment	4,751.49	-
Waste	448.95	470.48
Total Sales :	73,452.78	72,706.74
Less:		
Excise duty	61.52	125.70
Inter Division sale - Power	3,205.50	2,036.70
Total	70,185.76	70,544.34

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
NOTE 19 OTHER INCOME :		
Interest Income	83.37	72.11
Export Benefit entitlement	850.03	633.92
Excess provisions written back	37.89	23.34
Packing & Forwarding collection charges	9.20	10.84
Scrap Sales	43.89	29.11
Profit on sale of Assets	-	0.26
Credit Balance Written Back	2.31	-
Rent Received	0.12	-
Increase in Value of Investments	0.76	-
Miscellaneous Receipts	75.17	9.88
Total	1102.74	779.46

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014		Previous Year 31st March, 2013	
NOTE 20 COST OF MATERIALS CONSUMED :				
Opening Stock		4,089.78		4,088.70
Opening Stock of SKIL - Pursuant to Scheme of Amalgamation		133.06		-
Add : Purchases		41,992.02		42,399.59
		46,214.86		46,488.29
Less : Value of raw materials sold		-		532.17
Less : Closing Stock		3,525.75		4,089.78
Total Cost of materials consumed :		42,689.11		41,866.34
Imported and Indigeneous Raw Materials consumed :				
Indigeneous	99.15%	42,326.66	96.40%	40,357.88
Imported	0.85%	362.45	3.60%	1,508.46
Total :	100%	42,689.11	100%	41,866.34
Details of Raw Material Consumed :				
Cotton		13,367.76		13,920.30
Yarn		7,747.26		8,055.57
Polyster Staple Fibre		19,325.75		17,842.82
Viscose Staple Fibre		2,204.70		2,047.65
Fabric		43.64		-
Total :		42,689.11		41,866.34



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(Increase)/Decrease in Stocks		
Opening 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	-
Opening Stocks of SKIL - Pursuant to Scheme of Amalgamation		
Work-in-process	655.91	-
Garments	231.41	-
	5,593.05	4,817.83
Closing Stocks:		
Yarn	912.23	835.94
Fabric	2,351.85	2,112.21
Work-in-process	2,706.75	1,749.09
Cotton Waste	9.99	8.49
Garments	142.43	-
	6,123.25	4,705.73
(Increase)/Decrease in Stocks	(530.20)	112.10

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 22 EMPLOYEE BENEFITS EXPENSE :		
(a) Salaries and incentives	4,140.59	3,006.05
(b) Contributions to Provident Fund	224.04	178.61
(c) Gratuity fund contributions	153.84	92.20
(d) Contributions to Employee State Insurance	43.84	24.63
(e) Staff welfare expenses	223.91	199.61
Total	4,786.22	3,501.10

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 23 FINANCE COST :		
Interest expense	3,459.54	3,075.30
Other borrowing costs	199.35	223.88
Net loss on foreign currency transactions & translation	35.27	48.95
Total	3,694.16	3,348.13

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 24 DEPRECIATION AND AMORTISATION EXPENSE :		
Depreciation	3,180.68	2,909.71
Amortisation expense	28.45	-
Total	3,209.13	2,909.71

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2014	Previous Year 31st March, 2013
NOTE 25 OTHER EXPENSES :		
Stores & spare parts consumption :		
Consumable Stores	1,473.80	843.27
Dyes and Chemicals	3,751.36	3,634.68
Packing Material Consumed	619.43	494.77
Power & Fuel :		
Electricity Charges	2,512.75	3,787.55
Fuel Consumed	3,836.76	2,912.25
Rent	12.63	8.28
Security Charges	40.04	26.02
Rates & Taxes	686.90	656.54
Printing & Stationery	30.19	24.31
Postage, Telegrams & Telephones	45.74	39.56
Travelling & Conveyance	164.37	138.53
Directors' Sitting fees & Travelling expenses	6.22	7.08
Advertisements	11.53	15.11
Expenses on Sales	770.60	553.75
Commission on Sales	224.05	185.28
Insurance	105.55	80.63
Legal & Professional Charges	86.95	38.54



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

	Current Year 31st March, 2014		Previous Year 31st March, 2013	
NOTE 25 OTHER EXPENSES : (Contd.)				
Payments to auditors :				
As auditor :	2.70		2.25	
for taxation matters	0.73		0.56	
for Certification	1.63	5.06	1.47	4.28
Repairs to : Buildings	43.88		44.27	
Machinery	883.22		815.79	
Other Assets	40.06	967.16	23.36	883.42
Vehicle Maintenance		56.34		40.25
Miscellaneous Expenses		453.23		332.80
Donations		19.21		19.35
Loss on sale of assets		3.14		4.15
Bad debts and Debit Balances written off		0.32		4.97
Diminution in the Value of Investments		-		3.06
Other Manufacturing expenses		194.72		125.75
Managerial remuneration		187.90		196.55
Total		16,265.95		15,060.73
Imported and Indigeneous Stores & spare parts consumption :				
Indigeneous	72.88%	4,259.46	75.98%	3,778.41
Imported	27.12%	1,585.13	24.02%	1,194.31
Total	100%	5,844.59	100%	4,972.72

Notes forming part of the Financial Statement

as at 31st March, 2014

NOTE NO. 26

Notes forming part of Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date.

- 1 A Scheme of arrangement (referred to as "Scheme of Amalgamation" in notes forming part of accounts) under Section 391 to 394 of the Companies Act, 1956 for merger of Company's wholly owned subsidiary, "Suryakiran International Limited", a garment manufacturing company, with the Company, sanctioned by the Hon'ble High Court of Andhra Pradesh on 16th April, 2014, with appointed date as April 01, 2013.
- 2 Consequently Suryakiran International Limited (SKIL), stands merged with the Company and transferred to and vested with the Company as a going concern with effect from 1st April, 2013, the appointed date. The accounting policies of both transferee and transferor companies are uniform and hence, the assets and liabilities of SKIL, are combined with the Company, on a line-by-line basis by adding together the book value of like items.

The Scheme of Amalgamation provides for the the transfer of the assets and liabilities of SKIL, the legal proceedings, employees and employees related benefits and all contracts and agreements in relation to transferor Company (SKIL), to the Company. As per the Scheme of Amalgamation, 5% Non Cumulative Redeemable Preference Shares of ₹100 each of SKIL were cancelled and in lieu of these shares, the Company has issued 5% Non Cumulative Redeemable Preference Shares of ₹100 each to the Preference shareholders on the same terms and conditions, which are redeemable on 21st December, 2021.

Accordingly, the following assets and liabilities have been transferred to and vested in the Company as on the appointed date of 1st April, 2013.

Particulars	₹ in Lakhs		₹ in Lakhs
Fixed Assets : Gross Block	2773.23		
Depreciation	655.67		
Net Block			2117.56
Long Term Loans and Advances			15.15
Current Assets, Loans & Advances			
Inventories	1197.90		
Trade Receivables	452.99		
Cash & Bank Balances	97.98		
Short Term Loans & Advances	26.91		
Other Current Assets	110.39	1886.17	
Less : Current Liabilities & Provisions :			
Short Term Borrowings	93.88		
Trade Payables	1765.11		
Other Current Liabilities and provisions	430.60	2289.59	
Net Current Assets :			(403.42)
Other Non-Current Assets : Product Development Expenditure:			113.81
			1843.10
Less : Long Term Loans and provisions :			
Long Term Borrowings		1016.25	
Long Term Provisions		26.42	
			1042.67



Notes forming part of the Financial Statement

as at 31st March, 2014

Particulars	₹ in Lakhs	₹ in Lakhs
Net Worth (Balancing Figure) :		800.43
As per the scheme of Amalgamation, the reduction in net worth is effected as follows :		
Equity Share Capital :	445.78	
5% Non Cumulative Redeemable Preference Shares of ₹100 each	200.00	
Securities Premium Account	434.58	
Surplus	(279.93)	
		800.43

Persuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Andhra Pradesh, Suryakiran International Limited (SKIL) has been merged with the Company with retrospective effect from 1st April, 2013, the appointed date. The Amalgamation has been accounted as Amalgamation in the nature of merger in accordance with the terms of the Order. The excess of Equity Share Capital (₹445.78 Lacs) & Security Premium (₹ 434.58 Lacs) of SKIL over the investment by the Company (₹666.01 Lacs) of ₹214.35 Lacs has been shown as Amalgamation Reserve of the Company. Since the merger order was received prior to the issuance of the financial statements, though recorded subsequent to March 31, 2014, the financial results of the above undertaking for the period 01.04.2013 to 31st March, 2014, have been included in the year ended 31st March, 2014 of the Company.

- 3 The Company carried out a revaluation of its assets, i.e., Land, Buildings and Plant & Machinery in its Denim Division at Ramtek and Spinning Division at Amanagallu, by an approved valuer. Revaluation of Power Plant assets was not done, as it was relatively new Plant. The written up value of the assets on revaluation amounting to ₹174.58 Crores was added to the cost of the assets / Gross Block as on 31st March, 2014. The depreciation of ₹84.84 Crores on written up value of Gross Block has been added to depreciation, and the net increase in depreciated value ₹89.74 Crores, is considered as revaluation reserve and the same will be written off as per the depreciation method followed by the company.

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
4 Contingent Liabilities not provided for		
a) Contracts to be executed on capital accounts.	4,450.65	3,986.81
b) Against Foreign & Inland Letters of Credit	0.00	152.57
c) Against Bank Guarantees	1,595.04	1,432.76
d) Against Bills discounted	1,298.42	1,592.18
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, and the same was dismissed.	-	78.50

Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
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 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
h) Disputed demand from Central Excise department on clearance of unbranded garments without payment of duty. The Company has filed appeal before CESTAT, Bangalore	11.43	0.00
i) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad.	61.49	0.00

- 5 The legal proceedings against 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.
- 6 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.
- 7 (i) 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.
- (ii) Rajvir Industries Limited (RIL) had also filed criminal complaint against the Company, certain Directors, Sr. Executives and the Auditor of the company in the above matter which however was quashed by the Hon'ble High Court of A.P. RIL has preferred a special leave petition before the Hon'ble Supreme Court which is pending.
- 8 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.



Notes forming part of the Financial Statement

as at 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	Current year 31st March, 2014	Previous year 31st March, 2013
9 Expenditure in Foreign Currency during the year on account of :		
i) Interest	169.84	178.79
ii) Principal repayment	499.60	331.61
iii) Commission on Export Sales	155.82	101.31
iv) Foreign Travel (Excluding tickets purchased in India)	17.19	16.28
v) Foreign Technical & Consultancy services	72.21	46.76
vi) Others	8.33	0.00
Total	922.98	674.74

(Figures in ₹ Lakhs)

Particulars	Current year 31st March, 2014	Previous year 31st March, 2013
10 Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	81.30	230.61
ii) Rawmaterials (CIF Value)	476.28	1239.53
iii) Stores and Spares (CIF Value)	1436.77	1334.16
Total	1994.35	2804.30

(Figures in ₹ Lakhs)

Particulars	Current year 31st March, 2014	Previous year 31st March, 2013
11 Earnings in Foreign Exchange		
FOB Value of Exports	7769.24	7907.18

(Figures in ₹ Lakhs)

Particulars	Current year 31st March, 2014	Previous year 31st March, 2013
12 Composition of Net Deferred Tax Liability		
Liabilities		
Depreciation	4,481.76	3939.16
Miscellaneous Expenditure	27.69	0.00
Total	4509.45	3939.16
Assets		
Carried forward losses / Depreciation	83.68	74.55
Provision for Doubtful Debts & Others	19.55	19.55
Provision for Gratuity	114.85	76.44
Provision for Leave encashment & other employee benefits	77.26	73.42
Total	295.35	243.96
Deferred Tax Liability (Net)	4214.10	3695.20
Less : MAT Credit entitlement (to be set off against tax liability of AY2014-15)	1193.35	849.89
Deferred Tax Liability (Net) after MAT Credit adjustment	3020.75	2845.31

Notes forming part of the Financial Statement

as at 31st March, 2014

		(Figures in ₹ Lakhs)	
		Current Year 31st March, 2014	Previous Year 31st March, 2013
13	Information About Business Segments :		
1	Segment Revenue		
	Spinning	29873.38	29383.91
	Denim	36482.71	41195.02
	Power Plant	4179.28	2036.70
	Garment	4751.49	0.00
	Total	75286.86	72615.63
	Less : Inter Division Power sale	3205.50	2036.70
	Less : Inter Division Sale - Yarn	19.28	34.59
	Less : Inter Division Sale - Fabric	1876.32	0.00
	Net Sales	70185.76	70544.34
2	Segment Results		
	Spinning	1782.34	2549.94
	Denim	3644.81	5724.84
	Power Plant	(214.05)	(682.88)
	Garment	170.69	0.00
	Total	5383.80	7591.90
3	Interest	3694.16	3348.13
4	Profit / Loss Before Tax	1689.64	4243.77
5	Other Information		
	Segment Assets		
	Spinning	20177.72	18429.22
	Denim	37616.39	33491.76
	Power Project	13808.53	13828.50
	Garment	3778.21	0.00
	Total	75380.84	65749.48
6	Segment Liabilities		
	Spinning	2476.85	2449.84
	Denim	4823.01	3932.60
	Power Project	750.58	979.69
	Garment	427.51	0.00
	Total	8477.95	7362.13
7	Capital Expenditure		
	Spinning	111.19	341.14
	Denim	301.86	319.00
	Power Project	761.20	12793.52
	Garment	22.20	0.00
	Total	1196.45	13453.66
8	Depreciation & Amortisation Expense		
	Spinning	707.05	700.23
	Denim	1709.68	1866.30
	Power Project	654.20	343.18
	Garment	138.20	0.00
	Total	3209.13	2909.71



Notes forming part of the Financial Statement

as at 31st March, 2014

14 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 31st March, 2014	Previous Year 31st March, 2013
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration	62.45	65.07
		b) Interest (Gross)	51.02	11.92
		c) Commission	10.47	24.00
		d) Purchase of Shares	9.56	-
Shri P K Agarwal Managing Director	Key Management	a) Remuneration	55.12	54.69
		b) Interest (Gross)	28.07	3.05
		c) Commission	10.47	21.00
		d) Purchase of Shares	20.05	-
Shri L N Agarwal (HUF)	Key Management	a) Interest (Gross)	20.16	6.04
Shri H L Ralhan Director	Key Management	a) Remuneration	34.41	31.79
Smt. Sabita Jain	Daughter of Shri LN Agarwal	Rent	4.20	0.00
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (Gross)	17.81	2.97
		b) Purchase of Shares	26.77	-
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Remuneration	15.00	0
		b) Interest (Gross)	11.95	2.52
		c) Purchase of Shares	5.50	-
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (Gross)	7.13	7.95
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (Gross)	4.46	1.48
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	1.39	0.43
P K Agarwal HUF	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	0.01	0.00
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M./Yarn	336.54	97.86
		b) Advance for R.M.	-	100.00
		c) Interest	-	0.50
M/s Suryakiran International Ltd.,	Subsidiary	a) Sale of Fabric	-	1240.16
		b) Sale of DEP B Lic.	-	5.50
		c) Purch. of FMS Lic	-	9.33
M/s Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Industrial waste sale	-	1.02
		b) Interest	28.00	17.40
		c) Sale of RM	-	61.99
		d) Purchase of RM	-	62.95
		e) Advance for R.M.	200.00	500.00
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M.	-	257.23
		b) Advance for R.M.	50.00	-
M/s Suryavanshi Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Advance for R.M.	-	100.00
		b) Purchase of VSF	-	41.24
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	29.99	4.80
		b) Rent	0.60	0.60
		c) Sale of fabric	458.73	0.00

Notes forming part of the Financial Statement

as at 31st March, 2014

b) Payable as at 31-03-2014

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2014	Previous Year 31st March, 2013
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	75.28	44.39
		b) Purchase of Shares	27.10	-
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration (Net)	0.00	2.95
		b) Interest (net)	45.92	10.73
		c) Unsecured Loan	495.50	505.00
		d) Commission	10.47	16.58
Shri P K Agarwal Managing Director	Key Management	a) Remuneration (Net)	0.55	3.55
		b) Interest (net)	25.27	2.74
		c) Unsecured Loan	318.00	173.50
		d) Commission	10.47	14.51
Shri L N Agarwal (HUF)	Key Management	a) Interest (net)	18.14	5.44
		b) Deposits	199.00	126.00
Shri H L Ralhan Director	Key Management	Remuneration (Net)	2.06	1.56
Smt. Sabita Jain	Daughter of Shri LN Agarwal	Rent	1.89	0
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (net)	16.03	2.68
		b) Deposits	214.00	44.00
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (net)	10.75	2.26
		b) Deposits	154.00	50.00
		c) Remuneration	1.09	0.00
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (net)	6.41	7.16
		b) Deposits	100.00	78.75
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (net)	4.01	1.33
		b) Deposits	49.00	27.00
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management	a) Interest (net)	1.25	0.39
		b) Deposits	16.50	9.00
P K Agarwal (HUF)	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	0.01	0.00
		b) Deposits	5.00	0.00
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	26.99	4.32
		b) Deposits	383.00	48.00
		c) Rent	0.60	0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	67.75	39.95
		b) Deposits	607.50	475.00
c) Receivable as at 31-03-2014				
M/s Suryakiran International Ltd.,	Subsidiary Company	Sale of Fabric	-	1561.64
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Sale of R.M.	-	50.59
		Advance for RM	50.00	-
Suryajyoti Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Interest (Net)	2.14	2.41
		Sale of RM	-	0.07
		Advance for RM	200.00	-
M/s. Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Sale of Yarn	36.54	0
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	Sale of Fabric	458.73	0



Notes forming part of the Financial Statement

as at 31st March, 2014

15 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)	
		2013-14	2012-13
1	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year	352.36	265.17
	Interest cost	28.19	21.21
	Current Service Cost	27.51	21.75
	Benefits Paid	(29.02)	(23.19)
	Actuarial gain / (Loss) on obligations	92.00	53.10
	Present value of obligations as at end of year	471.05	338.04
2	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	92.44	77.76
	Expected return on plan assets	9.17	8.05
	Contributions	37.00	29.82
	Benefits Paid	21.56	(23.19)
	Actuarial gain / (Loss) on Plan assets	Nil	Nil
	Fair value of plan assets at the end of year	117.05	92.44
3	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	92.44	77.77
	Actual return on plan assets	9.17	8.05
	Contributions	37.00	29.82
	Benefits Paid	(21.56)	(23.19)
	Fair value of plan assets at the end of year	117.05	92.44
	Funded status	354.00	245.60
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
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.

Notes forming part of the Financial Statement

as at 31st March, 2014

	(Figures in ₹ Lakhs)	
	2013-14	2012-13
Profit & Loss Account		
Current Service cost	5.45	3.62
Interest Cost on benefit obligation	6.56	4.58
Expected return on plan assets	Nil	Nil
Net Actuarial (gain). Loss recognised in the year	32.85	30.93
Past service cost	Nil	Nil
Net Benefit expense	44.86	39.13
	As at 31st March, 2014	As at 31st March, 2013
Balance Sheet		
Details of provision for Leave		
Change in the present value of the defined benefit obligation are as follows :		
Opening defined benefit obligation	82.06	57.21
Interest Cost	6.56	4.58
Current Service cost	5.45	3.62
Benefits Paid	(42.76)	(26.97)
Actuarial (gains) / losses on obligation	32.85	30.93
Closing defined benefit obligation	84.16	69.36
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

16 Basic Earnings per share as per Accounting Standard No.20

	(Figures in ₹ Lakhs)	
	Current year	Previous Year
Profit after Tax	1171.20	3036.65
Weighted average Number of Equity Shares	145.22	145.22
Diluted Number of Equity Shares	145.22	145.22
Basic Earnings per share	7.98	20.91
Diluted Earnings per share	7.98	20.91



Notes forming part of the Financial Statement as at 31st March, 2014

- 17 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.
- 18 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 and 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 Polyester yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyester yarn meant for export, and cleared the material for export on payment of duty.
- 19 There was a major fire accident in spinning department of denim division at Ramtek, Nagpur 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.
- 20 Consequent to giving effect to the Scheme of Amalgamation, the figures relating to the current financial year ended 31st March, 2014 of the Company, include the 12 months figures of Suryakiran International Ltd; the transfer Company, which is transferred & vested with the Company and hence, the previous year figures are not comparable.
- 21 **Previous Year Figures:** Figures for the previous year have been regrouped / reclassified wherever necessary to correspond with the current year's classification.
- 22 Except when otherwise stated, the figures are presented in Rupees Lakhs.

NOTE NO. 26 SIGNIFICANT ACCOUNTING 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 clearance of goods from the factory premises.

4 Investments :

Investments are stated at cost and diminution / increase 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 crystallisation.

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 was 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/

Notes forming part of the Financial Statement as at 31st March, 2014

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.

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 certainty 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.0005135

K.S.Rao
Partner
Membership No.015850

Place : Secunderabad
Date : 27.05.2014

Signatures to Notes 1 to 26

E.V.S.V. Sarma
Company Secretary

P.S.Subramanyam
Vice President (Finance)

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P.K. Agarwal
Managing Director



Cash Flow Statement

for the year ended 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net : Profit/(Loss) Before Tax	1,689.64	4,243.77
Adjustment for		
Add: Depreciation & Amortisation expense	3,209.13	2,909.71
Finance costs	3,694.16	3,348.13
Debit balance written off	0.32	4.97
Loss on sale of assets	3.14	4.15
Diminution / (Increase) in Value of Current investments	(0.76)	3.06
	8,595.63	10,513.79
Less: Interest Income	83.37	72.11
: Excess provision written back	37.89	23.34
Profit on sale of assets	0	0.26
	121.26	95.71
Operating profit before working capital changes	8,474.37	10,418.08
Adjustment for changes in :		
Decrease / (Increase) in Inventories	571.16	(91.97)
(Increase) in Trade Receivables	1,384.79	(1,392.02)
(Increase)/Decrease in Long Term Loans and advances	17.53	(152.63)
(Increase)/Decrease in Short Term Loans and advances	(972.94)	366.42
(Increase)/Decrease in Other Current Assets	(618.58)	(5.82)
Increase/(Decrease) in Trade & other payables	(785.81)	1,089.74
Cash generated from Operations	8,070.53	10,231.80
Income tax (Net)	(360.89)	(994.33)
Net cash generated from operating activities (A)	7,709.64	9,237.47
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow :		
Sale of fixed assets	0.10	9.79
Interest received	63.72	61.08
Outflow :		
Acquisition of fixed assets	(1,094.45)	(4,539.70)
Purchase of Current investments	(218.03)	300.14
Net cash used in Investing activities (B)	(1,248.66)	(4,168.69)

Cash Flow Statement

for the year ended 31st March, 2014

(Figures in ₹ Lakhs)

Particulars	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inflow :		
Redemption of Preference Share Capital	-	(400.00)
Proceeds from Term Loans	381.13	2,184.72
(Decrease)/Increase in bank borrowings	477.95	401.38
Proceeds from Hire purchase loan	-	54.69
Proceeds from other unsecured borrowings	1,144.72	1,013.00
Repayment of Term Loan	(4,422.87)	(3,744.47)
Repayment of Hire Purchase loan	(30.42)	(36.58)
Repayment of other unsecured borrowings	(566.23)	(109.88)
Finance costs paid	(3,607.61)	(3,324.35)
Dividend paid	(290.30)	(361.28)
Dividend Distribution Tax paid	(49.36)	(58.98)
Net cash generated in Financing Activities (C)	(6,962.99)	(4,381.75)
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(502.01)	687.03
Cash/Cash Equivalents at the Beginning of the year- SCML	1,287.26	600.23
Cash/Cash Equivalents at the Beginning of the year - SKIL	97.98	-
Cash/Cash Equivalents at the end of the period	883.23	1,287.26

per Our Report of even date
for **Brahmayya & Co.**,
Chartered Accountants
Firm Registration No.0005135

K.S.Rao
Partner
Membership No.015850

Place : Secunderabad
Date : 27.05.2014

E.V.S.V. Sarma
Company Secretary

P.S.Subramanyam
Vice President (Finance)

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P.K. Agarwal
Managing 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

Corporate Information

Board of Directors

SRI L.N. AGARWAL

Chairman and Managing Director

SRI PARITOSH K. AGARWAL

Managing Director

SRI R. SURENDER REDDY

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)

SMT PADMINI AGARWAL

Whole-time Director

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

GARMENTS DIVISION

Tummaluru village, Maheswaram Mandal

Ranga Reddy District, Telangana - 501359

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



Suryalakshmi Cotton Mills Limited
6th Floor, Surya Tower, 105, S.P. Road,
Secunderabad - 500 003