



SREE
AKKAMAMBA
TEXTILES LIMITED
TANUKU
60th ANNUAL REPORT
2013 - 2014

SREE AKKAMAMBA TEXTILES LIMITED

Venkatarayapuram, Tanuku.

Board of Directors

Sri P. Narendranath Chowdary	Chairman
Sri M.S.R.V.K. Rangarao	Managing Director
Sri M. Narendranath	
Sri J. Murali Mohan	
Sri N.V. Somaraju	
Sri J. Suresh	

C.F.O.

Sri N. Satyanarayana	General Manager (Finance & Admn.)
----------------------	-----------------------------------

Bankers :

Andhra Bank
State Bank of Hyderabad

Auditors :

M/s. Brahmayya & Co.,
Chartered Accountants
Vijayawada.

Cost Auditors :

M/s. Narasimha Murthy & Co.,
Hyderabad.

Registered Office & Mills :

Venkatarayapuram,
Tanuku - 534 215
Andhra Pradesh.

Company secretaries in Practice :

M/s D. Hanumanta Raju & Co.
Hyderabad

Company CIN :

L51909AP1954PLC000525

CONTENTS

	Page		Page
1. Management & Contents	1	6. Balance Sheet	38
2. Notice to Shareholders	2	7. Statement of Profit & Loss	39
3. Directors' Report	7	8. Cash Flow Statement	40
4. Compliance Certificate	25	9. Notes forming part of the Accounts	42
5. Auditors' Report	32		

Notice to Shareholders

NOTICE is hereby given that 60th Annual General Meeting of the Company will be held on Wednesday, the 30th July, 2014 at 9.30 AM at the Registered Office of the Company at Venkatarayapuram, Tanuku, Andhra Pradesh, to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2014 and Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on the equity shares.
3. To appoint a Director in place of Sri P.Narendranath Chowdary (DIN : 00015764), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Brahmayya & Co., Vijayawada (Reg. No. 000513S) as Statutory Auditors of the Company for a term of three years viz., 2014-15, 2015-16, 2016-17 and to fix their remuneration.
5. "RESOLVED THAT pursuant to the provisions of Sec.148 of the Companies Act, 2013 and other applicable provisions if any and rules made there under, the Company hereby ratifies the payment of remuneration of Rs.50,000/- per annum to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad (Reg. No. 000042), who were appointed as Cost Auditors by the Board at its meeting held on 30.04.2014 for conducting the Cost Audit for the year 2014-15 in respect of the products viz., Cotton and Blended Yarns".

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri J.Murali Mohan (DIN: 00114341), Director of the Company whose period of office was liable to retirement by rotation under the erstwhile Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31st, 2019."
7. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri J.Suresh (DIN:01343147), Director of the Company whose period of office was liable to retirement by rotation under the erstwhile Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31st, 2019."

8. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri N.V.Somaraju (DIN:00352229), Director of the Company whose period of office was liable to retirement by rotation under the erstwhile Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31st, 2019.”

9. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sec.73 and other applicable provisions of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014, consent of the Company be and is hereby accorded to the Board of Directors for Accepting Fixed Deposits from Members upto a limit not exceeding 25% of the Paid-up Capital and Free Reserves of the Company (as per the latest audited Balance Sheet).”

“RESOLVED FURTHER THAT the Board of Directors or any Director authorized by the Board be and is hereby authorized to take all such steps as per the provisions of the Companies Act, 2013 and Rules made thereunder in this regard to give effect to this Resolution”.

10. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution:

“Resolved that in supersession of the ordinary resolution passed at the Annual General Meeting of the company held on 20th September, 2006, the consent of the company be and is hereby accorded to the Board of Directors under section 180(1)(c) of the Companies Act, 2013 to borrow any sum or sums of moneys from time to time notwithstanding that moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes. Provided however, the total amount so borrowed shall not exceed Rs.200 crores (Rupees two hundred crores only).”

(BY ORDER OF THE BOARD)

Registered Office:
Venkatarayapuram,
TANUKU - 534 215,
30th April, 2014

for SREE AKKAMAMBA TEXTILES LTD.

(M.S.R.V.K.RANGARAO)
Managing Director

NOTES:

1. A member entitled to attend and vote can appoint a proxy to attend and vote instead of himself. The proxy need not be a member.
2. The Register of Members of the Company will remain closed from 25th July, 2014 to 30th July, 2014 (both days inclusive).
3. Members are requested to intimate to the Company, changes if any, in their registered addresses at an early date.
4. Dividends, if sanctioned, at the meeting will be payable to those shareholders, whose names are on the Company's Register on 30th July, 2014.
5. As per the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the un-claimed Dividend in respect of Dividend for the year 2005-2006 has been transferred to Investor Education and Protection Fund as envisaged in Section 205C of the Companies Act, 1956. Shareholders who have not encashed the Dividends may make a request to the Company for the payment of un-encashed Dividend amount in respect of Dividend declared from the years 2006-07 onwards in order to enable the Company to proceed with their request in case the dividend warrants remain unencashed.

ANNEXURE TO NOTICE:

Explanatory Statement as required under section 102 (1) of the Companies Act, 2013.

ITEN No.6:

Sri J.Murali Mohan joined as a Director on the Board on 30-09-1985.

Sri J.Murali Mohan is a Graduate in Chemical Engineering and Post Graduate in Business Management and an Industrialist with considerable experience. He is the Managing Director of M/s.Jocil Ltd. He is the Chairman of the Audit Committee constituted by the Board of your Company and holds 4000 Equity Shares in the company.

The office of Sri J.Murali Mohan is subject to retirement by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri J.Murali Mohan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director to hold office for five consecutive years for a term upto 31-03-2019.

In the opinion of the Board, Sri J.Murali Mohan fulfils the conditions specified in the Act and the rules made thereunder for his appointment as an Independent Director of the Company

and is independent of the management. Considering his vast knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri J.Murali Mohan as an Independent director. Accordingly, the Board recommends the resolution in relation to appointment of Sri J.Murali Mohan as an Independent Director, for the approval by the Members of the Company.

Except Sri J.Murali Mohan, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

ITEM No. 7:

Sri J.Suresh joined as a Director on the Board on 28-07-2008. He is also a Member of the Audit Committee constituted by the Board of the Company. He holds no equity shares in the company.

The office of Sri J.Suresh is subject to retirement by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri J.Suresh being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director to hold office for five consecutive years for a term upto 31-03-2019.

In the opinion of the Board, Sri J.Suresh fulfils the conditions specified in the Act and the rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Considering his knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri J.Suresh as an Independent director. Accordingly, the Board recommends the resolution in relation to appointment of Sri J.Suresh as an Independent Director, for the approval by the Members of the Company.

Except Sri J.Suresh, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

ITEM No. 8:

Sri N.V.Somaraju joined as a Director on the Board on 20-12-1988. Sri N.V.Somaraju is a Graduate in Science. He is also a Member of the Audit Committee constituted by the Board of the Company. He holds 1000 Equity Shares in the Company.

The office of Sri N.V.Somaraju is subject to retirement by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri N.V.Somaraju

being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director to hold office for five consecutive years for a term upto 31-03-2019.

In the opinion of the Board, Sri N.V.Somaraju fulfils the conditions specified in the Act and the rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Considering his knowledge and experience and that his continued association would be of immense benefit to the Company, it is desirable to continue to avail services of Sri N.V.Somaraju as an Independent director. Accordingly, the Board recommends the resolution in relation to appointment of Sri N.V.Somaraju as an Independent Director, for the approval by the Members of the Company.

Except Sri N.V.Somaraju, the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the Resolution.

ITEM No.9:

Company has been accepting Fixed Deposits from Public & Members for several years under the provisions of erstwhile Companies Act, 1956 and Fixed Deposit Rules made thereunder. However, as per the new provisions of the Companies Act, 2013, the company can accept fixed deposits only from its members. As such your Board of Directors considers it advisable to continue acceptance of Fixed Deposits from Members which would enable the Company to augment its Financial Resources for working capital requirements.

Your Directors therefore recommend the resolution for your approval.

Directors and Key Managerial Personnel may be deemed to be interested in the resolution in the event they place Fixed Deposits with the Company.

ITEM No.10

In order to enable the Board of Directors of the Company to borrow loans from Banks, financial institutions and others to carry out the modernization/expansion of the mills from time to time, it is necessary for the members to pass the above resolution u/s 180(1) (c) of the Companies Act, 2013 to increase the borrowing limits from the present level of Rs.150 crores to Rs.200 crores.

None of the Directors of the Company is interested in the above resolution.

Directors' Report :

Your Directors have pleasure in presenting the **60th Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

	This Year Rs.	Previous year Rs.
Profit for the year	9,60,79,572	3,64,39,145
Add: Balance brought forward from prev. year	4,48,75,865	4,48,92,060
	14,09,55,437	8,13,31,205
Less: Provision for taxation :		
- Current	1,98,00,000	72,00,000
- Deferred	1,65,21,040	1,14,99,811
- for earlier years	—	34,847
Add: Excess provision for earlier year	61,026	—
Add: MAT credit entitlement	21,11,353	63,42,208
Total available for appropriation	10,68,06,776	6,89,38,755
Less: Transfer to General Reserve	3,00,00,000	2,00,00,000
Proposed Dividend	34,72,704	34,72,704
Tax on proposed Dividend	5,63,360	5,90,186
Balance carried forward	7,27,70,712	4,48,75,865
	10,68,06,776	6,89,38,755

Dividend:

Your Directors recommend a Dividend of 20% for the year ended 31st March, 2014.

Performance:

During the year under review, your company achieved a turnover of Rs.129.31 crores as compared to Rs.121.08 crores in the previous year registering a growth of about 7% over the previous year. The increase is mainly attributed to higher price realization for the Yarn and accordingly your company achieved a profit of Rs.9.61 crores (before tax) as against the profit of Rs.3.64 crores in the previous year.

CAPITAL INVESTMENT:

During the year under review, the company has completed the modernization programme commenced in the last year, by installation of balance Ring Frames, Auto Coners, UT5 etc., and no fresh capital expenditure was proposed.

Outlook for the Current Year:

While the Cotton prices are ruling firm, the Yarn prices at present show a weak trend due to lack of export demand. On the other hand the self generation and grid Power costs are set to increase on account of the proposed increase in Natural Gas price by the Govt. of India. Consequently, the profit for the first quarter would be low. However, the Yarn markets are expected to improve in the second quarter onwards and accordingly your company may achieve optimum results in the later part of the current financial year.

Fixed Deposits:

There were no unclaimed fixed deposits as on 31-03-2014. Effective from 1st April, 2014, your company is not eligible to accept/renew the fixed deposits from general public as per the provisions of new Companies Act, 2013. However, the deposits may be accepted from it's members subject to fulfillment of the conditions as laid down. The deposits already accepted from general public upto 31-03-2014 shall be repaid on the respective due dates.

Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.

Particulars of Employees:

Information pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' forming part of this report.

The Directors' responsibility statement:

Pursuant to section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors state that -

- a. The applicable Accounting Standards have been followed along with proper explanation, wherever required in the preparation of annual accounts.
- b. The Company has adopted prudent accounting policies.
- c. Proper care has been taken for maintenance of accounting records in accordance with provisions of the Act.
- d. The annual accounts of the company have been prepared on a going concern basis.

Compliance Certificate:

In accordance with the provisions of the Companies (Compliance Certificate) Rules, 2001, a Compliance Certificate from a Practising Company Secretary is attached, forming part of this Report.

Corporate governance:

A report on Corporate Governance along with Management discussion and analysis forming part of the Directors report is annexed.

A certificate of compliance of Corporate Governance issued by the Statutory Auditors, as stipulated in the listing agreement with the Stock Exchange, is also annexed to the Report of Directors.

Corporate Social Responsibility:

A committee consisting of 3 directors viz., Sri M.Narendranath, Sri J.Murali Mohan (Independent Director) and Sri M.S.R.V.K.Rangarao, has been constituted in order to lay down a Social Responsibility Policy and recommend the activities to be undertaken.

Directors:

Under Article 111 of the Articles of Association of the company, Sri P. Narendranath Chowdary retires by rotation at the ensuing Annual General Meeting and being eligible for re-appointment.

Audit committee:

Audit Committee comprises of 3 non whole-time Independent Directors Sri J.Murali Mohan, Sri N.V.Somaraju, Sri J.Suresh and 1 whole-time Director Sri.M.S.R.V.K.Rangarao. Sri J.Murali Mohan is the Chairman of the Committee.

Auditors:

M/s.Brahmayya & Co., Chartered Accountants, Vijayawada, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

Cost Auditors:

M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad are re-appointed as Cost Auditors of the Company.

Securities:

Company's shares are listed in The Madras Stock Exchange Ltd., Second Line Beach, Chennai-1 and there is no overdue of listing fee.

Industrial relations:

The relations with the employees at all levels are continued to be cordial.

Acknowledgement:

The Directors wish to place on record their appreciation for the co-operation the company received from various departments of Central and State Governments, Consortium of Banks, Depositholders, Insurance Companies, A.P. Gas Power Corpn. Ltd., APEPDCL, GAIL and a host of customers, for their continued support and assistance. The Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

Venkatarayapuram
TANUKU – 534 215
Date 30th April, 2014

For and on behalf of the Board of Directors
P. Narendranath Chowdary,
Chairman

Annexure 'A' to Directors' Report

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

Efforts to conserve and optimise the use of energy through operational methods and other means are continued.

Details of Power & Fuel Consumption:

	Current Year	Previous Year
Electricity:		
a) Purchased :		
Units	2,64,42,300	2,35,53,983
Total Amount (Rs.)	15,49,10,983	13,84,18,954
Rate / Unit (Rs.)	5.85	5.88
b) Own generation:		
Units generated (Using natural gas)	95,80,090	1,00,66,010
Average Cost / Unit (Rs.)	3.68	4.15
Natural Gas (M3)	25,73,153	27,87,885

B. Disclosure of particulars with respect to Absorption of Technology, Research & Development:

Research and Development activities are carried out on an ongoing basis for improving the efficiency and also for improving quality of its products. No separate expenditure was incurred for R & D.

C. Foreign Exchange earnings and outgo:

There were no foreign exchange earnings during the year. The company incurred expenditure in foreign currency equivalent to Rs.5,66,74,207/- (previous year Rs. 3,71,89,090/-) towards import of raw materials, capital goods, spares etc.

ANNEXURE 'B' TO DIRECTORS' REPORT

Information as per section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the year ended 31st March, 2014.

Name	: Sri M.S.R.V.K. Rangarao
Designation	: Managing Director
Remuneration	: Rs.50.62 lakhs
Qualification	: B.E
Experience	: 23 years
Date of commencement of employment with company	: 03-10-1991
Age	: 48 years
Last employment	: —

Note:

1. Remuneration indicated above, includes commission on profits, salary, house rent allowance, company's contribution to Provident Fund, Superannuation and Gratuity Funds, Medical benefit and other perks.

**ANNEXURE TO DIRECTORS' REPORT
CORPORATE GOVERNANCE**

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report set out hereunder supplements the Directors' Report and the Audited Financial Statements forming part of this Annual Report.

Your company is engaged in the manufacture and sale of Cotton and Blended yarn with a capacity of 86,928 spindles located at Venkatarayapuram, Tanuku.

Textile Industry Scenario:

The year 2013 has been a better year for the Indian textile industry. Though the addition in the installed capacity of ring spindles were marginal, the cotton yarn production increased to 3,847 million kgs, 11 per cent more than previous year's production of 3,464 million kgs. The deliveries of cotton yarn during the year increased to 3,830 million kgs, 11 per cent higher than previous year's deliveries of 3,462 million kgs. This shows the comfortable position of supply of yarn to both the domestic market and export market. Registration of cotton yarn exports during the year amounted to 1,366 million kgs against previous year's registrations amounting to 961 million kgs. With increased market for cotton yarn both in domestic and export markets the future seems to be promising.

POWER:

Since power is the major cost factor next to Raw-material cost for the spinning industry, all efforts are being made to minimize the power cost. The company has already made investment in M/s. The A.P.Gas Power Corpn. Ltd., which is a gas based power generating company located at Vijjeswaram in West Godavari District for supply of power that is cheaper than power from State Electricity Board. Further, the company has been generating the power to the extent of about 1.2 MW for captive consumption using the Natural Gas as fuel. Out of the total requirement of about 5.5 MW, power consumption from the above two sources accounts for a total 1.6 MW and the balance power is drawn from the Electricity Board and through Open access purchase.

The proposed increase in power tariff by APEPDCL and the proposed increase of Natural Gas price being supplied by GAIL India Ltd., which is being used by us for self generation, would increase the average cost of power consumption and therefore, the profitability of the company would be affected.

INTERNAL CONTROL SYSTEM:

Your Company conducts a review of the financial and operating controls. The Internal Control system of your Company is commensurate with its size and nature of business.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Your Company has earned a gross profit of Rs.22.47 crores (before interest and depreciation) against Rs.16.17 crores (before interest and depreciation) in the previous year.

The gross fixed assets of your company as on 31-03-2014 is Rs.130.81 crores compared to Rs.119.55 crores in the previous year. Your company has a net-worth of Rs.34.01 crores.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS:

Your Company continuously reviews and monitors its manpower requirements to ensure that it has human skills commensurate with its needs. Industrial relations continued to be cordial. As on 31.03.2014 your Company's employees strength stood at 759.

Cautionary Statement:

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from these expressed or implied. The company assumes no responsibility in respect of these forward looking statements that may be amended or modified later, on the basis of subsequent developments, information or events and in view of the changes brought by the Government Rules and Regulations.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Sree Akkamamba Textiles Ltd. (SATL) always believes that good Corporate Governance ensures proper and adequate protection of the interests of all the stake-holders in the Company. SATL affirms that healthy Corporate Governance leads to the operations and actions which serve the underlying goal of continuously enhancing the value that the Company can create for the stake-holders including Shareholders, Employees, Customers, Suppliers, Lenders, Government and other parties having association with SATL.

2. BOARD OF DIRECTORS:

As on 31.03.2014, the Board of Directors consisted of 6 Directors.

Category	Name of the Director
Executive Director/s	Sri M.S.R.V.K. Rangarao Managing Director
Non-Executive Directors	Sri P.Narendranath Chowdary Sri M.Narendranath
Independent Directors	Sri J. Murali Mohan Sri J. Suresh Sri N. V. Soma Raju

Inter se Relationship among Directors

- Sri P. Narendranath Chowdary - Mother's brother of
Sri M.S.R.V.K. Rangarao
- Sri M. Narendranath - Father's brother of
Sri M.S.R.V.K. Rangarao

- b) Non-Executive Director remuneration : Please refer Point No. 5
- c) Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanship / Membership of Committee of each Director in various Companies.

Name of the Director	Attendance Particulars		Directorship, Chairmanship, Committee Membership and Chairmanship in other Companies			
	Board Meetings	Last AGM	Other Directorship	Chairman	*Committee Membership	*Committee Chairmanship
Sri P. Narendranath Chowdary	4	No	7	3	2	2
Sri MSRVK Rangarao	4	Yes	2	-	-	-
Sri M. Narendranath	2	No	3	-	-	-
Sri J. Murali Mohan	4	Yes	1	-	1	-
Sri J. Suresh	3	No	-	-	-	-
Sri N.V. Soma Raju	4	No	-	-	-	-

* Represents Membership / Chairmanship of Audit Committee & Investors Grievance Committee of other Public Limited Companies.

- d) NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14 AND THE DATES ON WHICH HELD

Sl.No.	Date of Board Meeting
1	07.05.2013
2	27.07.2013
3	26.10.2013
4	27.01.2014

3. CODE OF CONDUCT :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Managers of the Company. The said Code has been communicated to the Directors and the Senior Managers from whom the necessary affirmation has been received with regard to compliance of Code.

4. AUDIT COMMITTEE:

- a. A qualified Audit Committee meeting the requirements as stipulated in the Clause 49 of the Listing Agreement has been constituted. Audit Committee consists of 4 Directors, Sri M.S.R.V.K.Rangarao, and other 3 independent Directors, Sri J. Murali Mohan, Sri J. Suresh and Sri N.V.Soma Raju. Sri J. Murali Mohan is the Chairman of the Committee. All the members of the Committee are financially literate and have accounting or related financial management experience.

This Committee also meets the requirement of Section 292A of the Companies Act, 1956.

- b. The terms of reference of the Audit Committee as detailed hereunder are in terms of Clause 49 of the Listing Agreement:
- i. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
 - ii. Recommending to the Board the appointment, re-appointment and it required the replacement or removal of the Statutory Auditor and fixation of audit fees.
 - iii. Approval of payment to the Statutory Auditors for any service rendered by them.
 - iv. Review with the management the annual financial statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of clause 2(AAA) of Section 217 of the Companies Act, 1956.
 - b. Changes if any in the accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any Related Party Transaction.
 - g. Qualification in the draft Audit Report.
 - v. Review with the management the quarterly financial statements before submission to the Board for approval.
 - vi. Review with the management performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems.
 - vii. Review the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - viii. Discussions with the Internal Auditors any significant findings and follow up thereon.
 - ix. Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - x. Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- xi. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xii. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- xiii. Carrying any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following information as and when required.

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of Significant Related Party Transactions (as defined by the Audit Committee);
- c. Management letters / letters of internal control weakness issued by the statutory auditors;
- d. Internal Audit Reports relating to internal control weaknesses:
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditors.

c. NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14 AND THE DATES ON WHICH HELD :

Sl.No.	Date of Audit Committee Meeting
1	07.05.2013
2	27.07.2013
3	26.10.2013
4	27.01.2014

d. ATTENDANCE OF THE MEMBERS OF THE AUDIT COMMITTEE AT ITS MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14 :

Name of the Director	No. of meetings attended
Sri J. Murali Mohan	4
Sri J. Suresh	3
Sri M.S.R.V.K. Rangarao	4
Sri N.V. Soma Raju	4

5. REMUNERATION COMMITTEE:

The Remuneration Committee consisting of 3 independent directors (1) Sri J.Murali Mohan (2) Sri N.V.Somaraju and (3) Sri J.Suresh met on 07-05-2013.

The details of the remuneration paid / payable to the Directors during the year 2013-14 are as under.

Name of the Director	Remuneration paid / payable to the Directors			
	Sitting Fees	Salaries & Perquisites	Commission	Total
Sri P. Narendranath Chowdary	Nil	Nil	Nil	Nil
Sri M.S.R.V.K.Rangarao	Nil	23,21,038	27,41,071	50,62,109
Sri M.Narendranath	Nil	Nil	Nil	Nil
Sri J. Murali Mohan	20,000	Nil	Nil	20,000
Sri J.Suresh	15,000	Nil	Nil	15,000
Sri N.V.Soma Raju	20,000	Nil	Nil	20,000

Remuneration is fixed and paid to the Managing Director as approved by the Shareholders of the Company and is in accordance with and subject to the limits prescribed by the Companies Act,1956. The Company enters into an agreement with the Managing Director relating to his appointment/re-appointment. There is no severance fee.

6. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS AS ON 31-03-2014

Sri P. Narendranadh Chowdary	...	40,000
Sri M. Narendranath	...	2,01,000
Sri J. Murali Mohan	...	4,000
Sri N.V. Somaraju	...	1,000

The company has not issued any convertible instruments.

7. MANAGEMENT:

- a) Management Discussion and Analysis forms part of the Annual Report.
- b) Disclosure by the Management to the Board: Please refer Point No.11.

8. CEO / CFO CERTIFICATION:

In accordance with the requirements of Clause 49(V) of the Listing Agreement the Board of Directors of the Company, Audit Committee and Auditors have been furnished with the requisite certificate from the Managing Director and CFO.

9. SHAREHOLDERS' GRIEVANCES COMMITTEE:

- a) The Board has constituted Shareholders' / Grievances Committee comprising Sri P.Narendranath Chowdary as Chairman and Sri M.S.R.V.K. Rangarao as member of the Committee. The Committee looks into redressal of the shareholders' complaints like Transfer of Shares, non-receipt of Balance Sheet, non-receipt of declared Dividend and other matters.
- b) The Board has designated Sri N.Satyanarayana, General Manager (Finance & Admn.) as the Compliance Officer.
- c) During the year 2013-14, four Committee Meetings were held on 07.06.2013, 27.07.2013, 26.10.2013 and 28.03.2014. The Company received a total number of 30 letters in respect of various matters viz., non-receipt / revalidation of dividend warrants, change of address, change of Bank account etc., and all of them were attended to and replied to the satisfaction of the shareholders. As on 31.03.2014 no Share Transfers were pending and there were no pending complaints.
- d) ATTENDANCE OF DIRECTORS AT THE SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14:

Name of the Director	No. of meetings attended
Sri P. Narendranath Chowdary	4
Sri M.S.R.V.K. Rangarao	4

10. ANNUAL GENERAL BODY MEETINGS :

- a) PARTICULARS OF ANNUAL GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS :

Financial Year - 1 st April to 31 st March			
Financial Year	Venue	Date	Time
2010 - 2011	Registered Office Venkatarayapuram TANUKU - 534 215 W.G.Dist., A.P.	09.09.2011	10.30 A.M.
2011 - 2012	- do -	08.09.2012	10.30 A.M.
2012 - 2013	- do -	15.06.2013	10.30 A.M.

At the last Annual General Meeting, there were no Special Resolutions that were required to be put through Postal Ballot.

At the ensuing Annual General Meeting there is no Special Resolution proposed to be passed through Postal Ballot.

b) SPECIAL RESOLUTIONS PASSED AT THE LAST THREE ANNUAL GENERAL MEETINGS :

Date of AGM	No. of Special Resolutions	Subject Matter
09.09.2011	1	Re-appointment of Managing Director
08.09.2012	Nil	--
15.06.2013	Nil	--

11. OTHER DISCLOSURES:

- i. There is no materially significant pecuniary or business transaction of the Company with its Promoters, Directors or the Management, their Subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

The Company enters into contracts from time to time with its Directors, Companies, Firms in which the Directors are interested. These contracts are in the ordinary course of Company's business and the concerned Directors regularly make full disclosures to the Board of Directors regarding the nature of their interest. Full particulars of contracts entered into with the parties in which Directors are directly or indirectly concerned or interested are entered in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed at every Board Meeting for the information of the Directors. Further, necessary approvals have also been obtained from the Central Government under Section 297 of the Companies Act, 1956 with regard to specific contracts requiring the approval of the Central Government.

- ii. There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter related to Capital markets during last three years.
- iii. Company does not have any Whistle Blower Policy.
- iv. Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.
- v. Details regarding Non-Mandatory requirements are enumerated under point No.13.

12. MEANS OF COMMUNICATION:

- i. Quarterly Results are not sent to each household of shareholders since they are being published in leading newspapers.
- ii. Quarterly, Half-Yearly and Annual Results are published in "The Hindu Business Line" and "Andhra Bhoomi".
- iii. Company has not issued any press release nor made any presentations to the investors or to analysts about its financial results during the year.

General Shareholder Information:

- (i) Annual General Meeting : 30th July,2014
Date & Time : at 9.30 A.M

Venue : Registered Office
Venkatarayapuram
Tanuku-534 215
W.G.Dist., A.P.
- (ii) Financial Year : The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as per the provisions of Listing Agreement.
- (iii) Date of Book closure : 25th July,2014 to
30th July, 2014
(Both days inclusive)
- (iv) Dividend payment date : 05th August, 2014
- (v) Listing on stock : Madras Stock Exchange
Exchanges at
- (vi) Stock market data : Shareholders have an option to hold shares in physical form. Company is taking care to ensure that the Share Transfer work gets completed within the stipulated time of one month. The Board has constituted a Share Transfer Committee which has been assigned the task of approving splitting of shares, issue of duplicate share certificates, consolidation of share certificates, change of status of a shareholder and other allied matters.

(vii) (a) Shareholding pattern as on 31st March, 2014

Category	No. of Shares held	% of Share holding
Promoters	9,48,120	54.61
Institutions, Mutual Funds and Banks	--	--
FII's / OCBs	--	--
NRIS	--	--
Bodies Corporate, Trusts and Clearing Members	1,48,880	8.57
Public	6,39,352	36.82
Total	17,36,352	100.00

(b) Distribution of Shareholding as on 31st March, 2014

Shareholding of Nominal value of Rs.	No. of Shareholders Rs.	% to total	Share amount in Rs.	% to Total
Upto 5000	285	59.874	506340	2.916
5001 to 10000	44	9.244	375570	2.163
10001 to 20000	41	8.613	670320	3.861
20001 to 30000	12	2.521	325650	1.875
30001 to 40000	33	6.933	1267200	7.298
40001 to 50000	3	0.630	130400	0.751
50001 to 100000	25	5.252	1788500	10.300
100001 onwards	33	6.933	12299540	70.836
Total	476	100.00	17363520	100.00

(viii) Outstanding GDRS / ADRs / Warrants of any other Convertible Instruments, Conversion date and likely impact on equity : Nil

(ix) Plant Location : Venkatarayapuram
Tanuku, W.G.Dist., A.P.

(x) Address for correspondence : Registered Office
for all matters including shares Venkatarayapuram
Tanuku, W.G.Dist., A.P.

13. NON-MANDATORY REQUIREMENTS :

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Adoption of non-mandatory requirements is as hereunder:

1. The Board

The Company has a Non-executive Chairman. Ceiling on the tenure of the Independent Director of the Company as mentioned is not adopted.

2. Remuneration Committee

The Remuneration Committee has an independent Director as Chairman.

3. Shareholders Rights

The quarterly, Half Yearly and Annual Results are published in leading English newspapers having circulation all over India and also in Telugu Newspapers circulating in the District. Therefore, the same are not sent to the shareholders individually.

4. Audit Qualification

There are no qualifications proposed by the Auditors in their Report for the year ending 31st March, 2014 as per the information received from them.

5. Training of Board Members

In the opinion of the Board, its Members are all business professionals having considerable experience and expertise in their respective fields and industry.

6. Mechanism for evaluating Non-Executive Board Members

As the Non-Executive Directors are professionals, no such mechanism exists.

7. Whistle Blower Policy

There is no Whistle Blower Policy. However, the Company recognizes the importance of reporting to the management by employee at any level about unethical behavior or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management personnel have affirmed the compliance with Sree Akkamamba Textiles Ltd Code of Conduct for the year ended 31st March, 2014.

Place : Tanuku
Date : 30-04-2014

(P. Narendranath Chowdary)
Chairman

CERTIFICATE

To
The Shareholders of
Sree Akkamamba Textiles Ltd.
TANUKU.

We have examined the compliance of conditions of Corporate Governance by Sree Akkamamba Textiles Limited 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March,2014, no investor grievances were pending against the Company as per the records maintained by the Company and presented to the Investor Grievances Committee.

We further state that such compliance is not an assurance either to the future viability of the Company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Camp : Tanuku
Date : 30-04-2014

for **BRAHMAYYA & CO.,**
Chartered Accountants
(Firm Regn.No.000513S)
T.V.RAMANA
Partner
(Membership No.200523)

COMPLIANCE CERTIFICATE

CIN of the Company : L51909AP1954PLC000525

Authorised Capital : Rs. 3,00,00,000

Paid-up Capital : Rs. 1,73,63,520

To

The Members

SREE AKKAMAMBA TEXTILES LTD

Venkatarayapuram, Tanuku – 534 215

West Godavari District.

I have examined the registers, records, books and papers of **SREE AKKAMAMBA TEXTILES LIMITED** (the Company) as required to be maintained under the Companies Act, 1956/2013, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March, 2014**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. the Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. the Company being a Public Limited Company, no comments are required in respect of number of members.
4. the Board of Directors duly met 4 (FOUR) times on 07th May, 2013, 27th July, 2013, 26th October, 2013, 27th January, 2014 in respect of which meetings, notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the Company has closed its Register of Members from 10th June, 2013 to 15th June, 2013 (both days inclusive), during the financial year.
6. the annual general meeting for the financial year ended on 31st March, 2013 was held on 15th June, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.

7. no extra-ordinary general meeting was held during the financial year.
8. the Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Companies Act, 1956 and section 185 of the Companies Act, 2013 as applicable.
9. the Company has duly complied with the provisions of Section 297 of the Act in respect of the contracts specified in that section.
10. the Company has made necessary entries in the register maintained under section 301 of the Act.
11. as there were no instances falling within the purview of section 314 of the Act, the Company has not obtained necessary approvals from the Board of Directors, members or of Central Government.
12. the Company has issued 3 (Three) duplicate share certificates during the financial year.
13. the Company :
 - (i) has delivered all the certificates on lodgment thereof for transfer/ transmission in accordance with the provisions of the Act.
 - (ii) has deposited the amount declared as dividend in a separate Bank Account on 19th June, 2013 which is within 5 (five) days from the date of declaration of such dividend.
 - (iii) has Paid / posted warrants for dividends to all the members of the Company within a period of 30 (Thirty) days from the date of declaration of dividend and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Andhra Bank, Tanuku on 19th July, 2013.
 - (iv) transferred the amounts in unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to investor education and protection fund.
 - (v) has complied with the provisions of Section 217 of the Act.
14. the Board of Directors of the Company is duly constituted. There was no appointment of additional director, alternate director, and director to fill casual vacancy during the financial year.
15. the Company has not appointed any Managing Director/Whole time Director/Manager during the financial year.
16. the Company has not appointed any sole-selling agents during the financial year.

17. the Company has obtained necessary approvals of the Central Government, regional director, under section 233 B (2), and 297(1) of the Act.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. the company has not issued any shares, debentures or other securities during the financial year.
20. the Company has not bought back any shares during the financial year.
21. the company has not redeemed any preference shares or debentures during the financial year under review.
22. there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. as per the information and explanation made available by the Company, the Company has complied with the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975 the applicable directions issued by the Reserve Bank of India / any other authority in respect of deposits. The Company has accepted/ renewed deposits from Public amounting to Rs. 3,28,91,000 and from Share holders amounting to Rs. 1,56,83,000 aggregating to Rs. 4,85,74,000/- during the year and the Company has filed a copy of Statement in lieu of Advertisement and other necessary particulars as required with the Registrar of Companies, Andhra Pradesh, Hyderabad on 17.06.2013. The Company has also filed return of deposit pertaining to financial year 01.04.2012 to 31.03.2013 with the Registrar of Companies in Form No.62 on 31.05.2013.
24. the Company has borrowed the required funds within the authorized limits as per Section 293(1) (d) of the Companies Act, 1956 and section 180 of the Companies Act, 2013 as applicable during the financial year.
25. the Company has not made any loans or advances or given guarantees or provided securities or investment in other body corporate during the financial year as per Section 372A of the Companies Act, 1956.
26. the Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. the Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. the Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny .

29. the Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. the Company has not altered its Articles of Association during the financial year.
31. there was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. the Company has not received any money as security from its employees during the financial year.
33. the Company has not constituted any Provident Fund pursuant to section 418 of the Act during the financial year.

Place : Hyderabad
Date : 30-04-2014

D. HANUMANTA RAJU
FCS. 4044; C.P. No. 1709
PARTNER
D. HANUMANTA RAJU & CO.,
COMPANY SECRETARIES.

Annexure "A"

Registers as maintained by the Company

Sl. No.	Name of the Register	Under Section
1	Register of Members & Index of Members	150,151
2	Minutes of Meetings of Board of Directors and Members	193
3	Register of Director, Managing Director and Secretary.	303
4	Register of particulars of contracts in which Directors are interested	301
5	Books of Accounts and Cost Records	209
6	Register of investments or loans made, guarantee given or security provided	372A
7	Register of directors' shareholding	307
8	Register of Share Transfers	
9	Register of Fixed Assets	
10	Register of Documents Sealed	
11	Register of Renewed and Duplicate Certificates	
12	Register of Charges	143
13	Register of Deposits	58A
14	Register of Investments	

Place : Hyderabad

Date : 30-04-2014

D. HANUMANTA RAJU

M. No. 4044, C.P. No. 1709

D. HANUMANTA RAJU & CO.,
COMPANY SECRETARIES.

Annexure "B"

Forms and Returns filed by the Company with Registrar of Companies during the financial year ending 31st March 2014.

Sl. No.	Form no/ Return	Filed under Section	Description	Date of Filing	SRN No's.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 8	Section 125	Modification of Charge	04.05.2013	B74266081	Yes	N.A
2.	Form 23C	Section 233B(2)	Appointment of Cost Auditor	10.05.2013	S21029848	Yes	N.A.
3.	Form 62	Section 58A Pursuant to Rule 10 (acceptance of deposits) Rules, 1975	Return of Fixed Deposits	31.05.2013	B76137132	Yes	N.A
4.	Form 62	Section 58A	Statement in lieu of Advertisement	17.06.2013	B77207660	Yes	N.A
5.	Form 66	Section 383A	Compliance Certificate	18.06.2013	Q09081639	Yes	N.A
6.	Form 5 INV	Rule 3 of Investor Education & Protection Fund	Statement of unclaimed and unpaid amounts	27.06.2013	S21384201	Yes	N.A
7.	Form I- XBRL	233(B), 600(3)(b) and Companies (Cost Audit Report) Rules, 2011	Cost Audit Report XBRL	09.07.2013	S21508114	Yes	N.A
8.	Form 20 B	Section 159	Annual Return	08.08.2013	Q09960782	Yes	N.A

9.	Form 23 ACXBRL & 23ACAX BRL	Section 220	Balance sheet and Profit & Loss Account	10.09.2013	Q10963908	No	Yes
10.	Form 1 INV	Rule 3 of Investor Education & Protection Fund	Transfer of Unclaimed Dividend	23.10.2013	B87450565	Yes	N.A
11.	Form 17	Section 138	Satisfaction of Charges	23.01.2014	B94385416	Yes	N.A.

Place : Hyderabad
Date : 30-04-2014

D. HANUMANTA RAJU
FCS 4044; C.P. No. 1709
PARTNER
D. HANUMANTA RAJU & CO.,
COMPANY SECRETARIES.

INDEPENDENT AUDITORS' REPORT

To the Members of
SREE AKKAMAMBA TEXTILES LIMITED, TANUKU.

Report on the Financial Statements:

We have audited the accompanying financial statements of SREE AKKAMAMBA TEXTILES LIMITED, which comprise the Balance Sheet as at March 31, 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. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 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 Reg. No. 000513S
T.V. RAMANA
Partner
Membership No. 200523

Place : TANUKU,
Date : 30th April, 2014.

ANNEXURE TO THE AUDITORS' REPORT

- 1.1 According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets, except furniture and fixtures.
- 1.2 According to the information and explanations furnished to us, the company has carried out physical verification of its fixed assets during the year. The company has informed us that it has adopted a phased programme of verification of its fixed assets other than furniture and fixtures which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- 1.3 According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year that would effect the going concern assumption in respect of its business, at the date of the Balance Sheet.
- 2.1 According to the information and explanations furnished to us, the company has physically verified its inventories during the year. In our opinion, the frequency of such verification is reasonable.
- 2.2 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.
- 2.3 According to the information furnished to us, the company is maintaining proper records of its inventory; the discrepancies noticed on verification between the physical stocks to the extent verified and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 According to the information and explanations furnished to us, the company has not granted any loans to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act 1956. Consequently reporting under clauses (iii)(b)(c) and (d) of para 4 of the Order does not arise.
- 3.2 According to the information and explanations furnished to us, the company has as at the date of the Balance Sheet under report, taken deposit/loan of Rs.39,07,077/- from two directors and Rs. 1,91,37,000/- from 7 relatives of Directors, covered under Sec 301 of the Companies Act 1956.
- 3.3 In our opinion, the rate of interest and other terms and conditions on which loans/ deposits have been taken by the company from parties covered by the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.

- 3.4 According to the information and explanations furnished to us, the company has been regular in repaying the principal and interest amounts as stipulated on the loans taken by it from the persons covered by the registers maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction but have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that are required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register maintained under Section 301 of the Companies Act 1956, during the year under report, 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 section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, no order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A and 58AA of the Companies Act 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records 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 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we are not required to and accordingly have not carried out a detailed audit of the same.
- 9 According to the information furnished to us, the company has been regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess, Service Tax and other material statutory dues applicable to it.

- 9.1 According to the information furnished to us, no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax, Service Tax that have been disputed by the company were pending remittance to the concerned authorities at the date of the Balance Sheet.
10. According to the information and explanations furnished to us the company had no accumulated losses at the end of the year under report and it did not incur cash losses during the said year or the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of its dues to financial institutions, banks or debenture holders during the year.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information furnished to us, the company has not given any guarantees for loans taken by others from any banks or financial institutions.
16. In our opinion, and according to the information and explanations furnished to us, the term loans obtained by the company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.

20. The company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys does not arise during the year.
21. During the course of our examination of the accounts of the company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the company, nor have we been informed by the management, of any such instance being noticed or reported during the year.

Place : TANUKU,
Date : 30th April, 2014.

For Brahmayya & Co.,
Chartered Accountants
Firm Reg. No. : 000513S

T.V. Ramana
Partner
Membership No. 200523

Balance Sheet As at 31st March, 2014

Equity and Liabilities	Notes	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Shareholders' Funds			
Share Capital	2	1,73,63,520	1,73,63,520
Reserves and Surplus	3	32,27,70,712	26,48,75,865
		34,01,34,232	28,22,39,385
Non-Current Liabilities			
Long-term Borrowings	4	19,43,76,000	18,34,40,655
Other Long-term liabilities	5	3,08,21,974	3,86,13,601
Deferred Tax Liability (Net)	6	11,82,16,411	10,16,95,371
Long-term Provisions	7	52,01,712	1,38,91,868
		34,86,16,097	33,76,41,495
Current Liabilities			
Short-term Borrowings	8	25,21,36,290	20,27,22,443
Trade Payables	9.1	10,26,01,172	4,54,36,759
Other Current Liabilities	9.2	14,80,34,199	18,63,75,240
Short term Provisions	7	2,99,80,986	1,69,02,547
		53,27,52,647	45,14,36,989
TOTAL		122,15,02,976	107,13,17,869
Assets			
Non current Assets			
Fixed Assets			
Tangible Assets (Net Block)	10	74,91,69,909	68,62,37,326
Capital Work in Progress		-	2,42,31,079
Non-current Investments	11	3,88,21,298	3,88,21,298
Long term Loans and Advances	12	6,12,70,717	5,91,25,090
Trade Receivables	13.1	-	-
Other Non Current assets	13.2	-	1,000
		84,92,61,924	80,84,15,793
Current Assets			
Inventories	14	26,38,96,663	15,32,46,671
Trade Receivables	13.1	8,26,68,694	9,01,57,742
Cash and Bank Balances	15	28,63,518	19,26,966
Short term Loans and Advances	12	2,11,98,429	1,65,08,077
Other Current Assets	13.2	16,13,748	10,62,620
		37,22,41,052	26,29,02,076
TOTAL		122,15,02,976	107,13,17,869
Summary of Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
T.V. Ramana, Partner
Membership No. : 200523
Place : Venkatarayapuram, Tanuku
Date : 30th April, 2014

For and on behalf of the Board of Directors
P. Narendranath Chowdary, Chairman
DIN : 00015764
M.S.R.V.K. Rangarao, Managing Director
DIN : 00031720
N. Satyanarayana, General Manager (Fin & Admn.)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Notes	Current Reporting Period 2013-14 Rs.	Previous Reporting Period 2012-13 Rs.
Income:			
Revenue from operations	16	129,31,03,332	121,07,67,093
Other Income	17	75,51,930	51,38,861
Total Revenue (I)		130,06,55,262	121,59,05,954
Expenses:			
Cost of raw materials and components consumed	18	62,75,75,422	59,88,82,642
[Increase]/Decrease in Inventories of finished goods	19	(88,55,628)	(16,72,283)
Employee benefits expense	20	13,28,77,317	12,71,02,953
Other expenses	21	32,44,15,444	30,00,19,454
Depreciation and amortization expense	22	5,92,56,553	5,32,93,417
Finance Costs	23	6,93,06,582	7,20,16,399
Total Expenses (II)		120,45,75,690	114,96,42,582
Profit/(Loss) before exceptional items & tax		9,60,79,572	6,62,63,372
Exceptional items-FSA charges		-	2,98,24,227
Profit/(Loss) before tax		9,60,79,572	3,64,39,145
Less : <u>Tax expenses:</u>			
Current tax		1,98,00,000	72,00,000
Short provision of earlier years		-	34,847
Deferred tax		1,65,21,040	1,14,99,811
Less: Excess provision for earlier years		61,026	-
MAT credit entitlement		21,11,353	63,42,208
Total tax expense		3,41,48,661	1,23,92,450
Profit/(Loss)(after tax) for the year from continuing operations		6,19,30,911	2,40,46,695
Earning per Equity Share:			
Basic and diluted		35.67	13.85
Summary of Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000513S
T.V. Ramana, Partner
Membership No. : 200523
Place : Venkatarayapuram, Tanuku
Date : 30th April, 2014

For and on behalf of the Board of Directors
P. Narendranath Chowdary, Chairman
DIN : 00015764
M.S.R.V.K. Rangarao, Managing Director
DIN : 00031720
N. Satyanarayana, General Manager (Fin & Admn.)

CASH FLOW STATEMENT FOR THE YEAR 2013 - 14

	2013-2014 Rs.	2012-2013 Rs.
I. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	9,60,79,572	3,64,39,145
Add/Less:		
Adjustments for:		
Depreciation	5,92,56,553	5,32,93,417
Interest paid	6,88,42,002	7,01,67,140
Interest received	(25,31,196)	(14,14,141)
Dividends received	(18,11,640)	(21,13,580)
Profit on sale of assets	(20,83,812)	(9,78,561)
Loss on sale of assets/written off	0	1,01,788
Operating Profit before working capital changes	21,77,51,479	15,54,95,208
Adjustments for		
Inventories	(11,06,49,992)	(1,45,21,729)
Long Term Liability	(77,91,627)	1,20,44,500
Long Term Provision	(86,90,156)	(23,41,309)
Trade Payables	5,71,64,413	2,96,69,360
Current Liability	(83,41,041)	2,94,93,638
Short term Provision	5,05,265	13,61,238
Trade Receivables	74,89,048	(95,37,172)
Long term Loans & Advances	(34,274)	31,08,310
Short term Loans & Advances	33,73,826	(1,74,391)
Current Assets	(5,51,128)	(1,85,820)
Cash Generated from operations	15,02,25,813	20,44,11,833
Less: Direct Taxes paid/Refund (Net)	1,52,03,154	41,76,288
Net Cash from operating activities before extra ordinary items	13,50,22,659	20,02,35,545
Net cash from Operating activities (A)	13,50,22,659	20,02,35,545

	2013-2014 Rs.	2012-2013 Rs.
II. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets	(9,85,46,468)	(7,11,28,388)
Proceeds from sale of assets	26,72,224	13,80,000
Interest received	25,31,196	14,14,141
Dividends received	18,11,640	21,13,580
Net cash used in Investment activities (B)	(9,15,31,408)	(6,62,20,667)
III. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of loans	(14,14,91,655)	(12,80,00,000)
Acceptance of Loans	17,18,40,848	6,04,02,015
Dividends paid	(34,72,704)	(17,36,352)
Dividend Tax paid	(5,90,186)	(2,81,680)
Interest paid	(6,88,42,002)	(7,01,67,140)
Net cash used for Financing activities (C)	(4,25,55,699)	(13,97,83,157)
Net increase in cash and its equivalents (A+B+C)	9,35,552	(57,68,279)
Opening cash & bank balances as on 1-4-2013	19,27,966	76,96,245
Closing cash & bank balances as on 31-3-2014	28,63,518	19,27,966
	(9,35,552)	57,68,279

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 - ACCOUNTING POLICIES

i. GENERAL

The accounts are prepared under historical cost convention and in accordance with generally accepted accounting practices.

ii. FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection, as applicable.

iii. INVESTMENTS

Investments are stated at cost and income thereon is accounted for on accrual. Provision towards decline in the value of investments is made only when such decline is other than temporary.

iv. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of cost of such assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

v. INVENTORIES

- a) Inventories are valued at lower of cost or net realizable value. In respect of Raw Materials, Stores and Spares cost is determined using FIFO and weighted average methods respectively. Cost of work-in-progress and finished goods include appropriate portion of overheads etc.
- b) Stock of scrap and cotton waste are valued at estimated net realizable value.
- c) Tools and implements are valued at cost after providing for obsolescence
- d) Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortised over the life of the principal asset.

vi. SALES

Sales are inclusive of packing charges, freight and handling charges and are exclusive of Sales Tax.

vii. EMPLOYEE BENEFITS :

- a) Company's contributions to Employees' Provident fund and Employee State Insurance are made under a Defined Contribution Plan, and are accounted for at actual cost in the year of accrual.
- b) The company's liability to gratuity on retirement of its eligible employees is funded with the Life Insurance Corporation of India. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognized and charged to the Statement of Profit and Loss in the year in which the employee has rendered service.
- c) Expense on account of unutilized / unencashed leave is arrived at as per actuarial valuation and is recognized and charged to the Statement of Profit and Loss in the year in which employee has rendered services in lieu of such leave.
- d) Gains / losses arrived at in the above actuarial valuations are charged to the Statement of Profit and Loss immediately in each year.

viii. DEPRECIATION

Depreciation is provided under straight line method in accordance with Schedule XIV to the Companies Act, treating the plant as a continuous process plant.

ix. FOREIGN EXCHANGE TRANSACTIONS

- a) Export sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.
- b) Import of materials/capital equipment are accounted at the rates at which the actual payments are effected.
- c) Assets and liabilities arising out of foreign exchange transactions, as mentioned above, are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate revenue/capital account.

x. DIVIDEND

Provision is made in the accounts for the dividends payable by the company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting.

xi. TAXATION

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty realization.
- Minimum alternate tax payable under the provisions of the Income Tax Act, 1961 is recognized as an asset in the year in which credit become eligible and is set off to the extent allowed in the year in which the company becomes liable to pay income taxes at the enacted tax rates.

xii. IMPAIRMENT OF ASSETS

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

xiii. CONTINGENT LIABILITIES

Contingent liabilities are not recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and the legal issues involved.

Note 2 - Share Capital	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
<u>Authorised Shares :</u>		
2750000(31 March 2013 : 2750000) equity shares of Rs.10/-each	2,75,00,000	2,75,00,000
25000 (31-03-2013: 25000) 9.50% Cumulative Redeemable preference shares of Rs.100/- each.	25,00,000	25,00,000
	3,00,00,000	3,00,00,000
<u>Issued Shares :</u>		
1769308(31 March 2013 :1769308) equity shares of Rs.10/- each.	1,76,93,080	1,76,93,080
	1,76,93,080	1,76,93,080
<u>Subscribed and fully paid-up shares :</u> 1736352(31 March 2013 :1736352) equity shares of Rs.10/- each.	1,73,63,520	1,73,63,520
Total issued, subscribed and fully paid-up capital	1,73,63,520	1,73,63,520

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.	As At 31st March 2014 (Rs.)		As At 31st March 2013 (Rs.)	
	No.	Rs.	No.	Rs.
<u>Equity Shares :</u>				
At the beginning of the period	17,36,352	1,73,63,520	17,36,352	1,73,63,520
Issued during the period - Bonus issue	-	-	-	-
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the period	17,36,352	1,73,63,520	17,36,352	1,73,63,520

b. Details of shareholders holding more than 5% shares in the company				
Equity shares of Rs. 10/- each fully paid	As At 31st March 2014 (Rs.)		As At 31st March 2013 (Rs.)	
	No.	% holding in the class	No.	% holding in the class
1) The Andhra Sugars Ltd.	1,40,000	8.06%	1,40,000	8.06%
2) Sri Mullapudi Narendranadh	2,01,000	11.58%	2,01,000	11.58%
3) Sri Mullapudi Thimmaraja	1,15,600	6.66%	1,15,600	6.66%
4) Sri Mulapudi Mrutyumjaya Prasad	1,07,800	6.21%	1,07,800	6.21%
Total	4,24,400	32.50%	4,24,400	32.50%

Note 3 - Reserves and Surplus	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
General Reserve		
Balance as per the last Financial Statements	22,00,00,000	20,00,00,000
Add : Transfer from surplus balance in the Statement of Profit and Loss	3,00,00,000	- 2,00,00,000
Closing Balance	25,00,00,000	22,00,00,000
Surplus / (Deficit) in Profit and Loss Statements	4,48,75,865	4,48,92,060
Profit/Loss(-) for the year	6,19,30,911	2,40,46,695
	10,68,06,776	6,89,38,755
Less : Appropriations		
Proposed Final Dividend	34,72,704	34,72,704
Tax on distributed Profits	5,63,360	5,90,186
Transfer to General Reserve	3,00,00,000	2,00,00,000
Total Appropriations	3,40,36,064	2,40,62,890
Net Surplus in statement of Profit and Loss	7,27,70,712	4,48,75,865
Total Reserves and Surplus taken to Balance Sheet	32,27,70,712	26,48,75,865

Note 4 - Long Term Borrowings	Non-current portion		Current maturities	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Term Loans				
Rupee loan from banks (secured)				
i) Term Loan from Andhra Bank	-	1,50,00,000	1,50,00,000	2,00,00,000
ii) Term Loan from Andhra Bank	3,36,00,000	6,72,00,000	3,36,00,000	3,36,00,000
iii) Term Loan from State Bank of Hyderabad	1,44,00,000	2,88,00,000	1,44,00,000	1,44,00,000
iv) Corporate Loan from Andhra Bank	-	-	-	1,50,00,000
v) Term Loan from Andhra Bank	8,00,00,000	2,84,91,655	2,00,00,000	2,00,00,000
	12,80,00,000	13,94,91,655	8,30,00,000	10,30,00,000
Inter Corporate Loan (Unsecured) From The Andhra Sugars Ltd	-	-	-	1,00,00,000
Other Loans and advances:				
Deposits (unsecured)				
Deposit from Directors	9,65,000	9,65,000	-	-
Deposits from share holders	1,90,39,000	1,12,33,000	-	-
Deposits from Public	4,63,72,000	3,17,51,000	-	-
	6,63,76,000	4,39,49,000	-	1,00,00,000
Total Amount	19,43,76,000	18,34,40,655	8,30,00,000	11,30,00,000
The above amount includes				
Secured borrowings	12,80,00,000	13,94,91,655	8,30,00,000	10,30,00,000
Unsecured borrowings	6,63,76,000	4,39,49,000	-	1,00,00,000
Amount disclosed under the head "other current liabilities"(note 9)	-	-	8,30,00,000	1,130,00,000
Net Amount	19,43,76,000	18,34,40,655	-	-

Term Loans from Banks comprise of:

	i Andhra Bank	ii Andhra Bank	iii SBH	v Andhra Bank
a) Loan availed (Rs.)	150000000	252000000	108000000	120000000
b) No. of instalments	8+20	30	30	24
c) Instalment commencing from	31-03-2007	31-12-2007	31-12-2007	30-06-2013
d) Rate of Interest	BMPLR+0.25%-1.75%	BMPLR+0.25%-1.75%	SBHPLR-2%	Base rate+2.25%+TP
e) Instalment amount per quarter (Rs.)	6250000 / 5000000	8400000	3600000	5000000

(The above loans are secured by exclusive first charge on assets created out of the respective loan)

Note 5 - Other Long Term Liabilities	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Trade payables	-	-
Total	-	-
Others		
Outstanding Liabilities for expenses	2,56,08,241	3,56,65,365
Trade Deposits	1,29,842	1,41,842
Advance from customers	-	-
Interest accrued but not due on deposits	50,83,891	28,06,394
unearned revenue	-	-
Total	3,08,21,974	3,86,13,601

Note 6 - Deferred Tax Liability (Net)	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
<u>Deferred Tax Liability</u>		
Fixed assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting others	13,18,92,087	12,28,10,722
Gross deferred tax liability	13,18,92,087	12,28,10,722
<u>Deferred tax asset</u>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,34,44,354	1,58,93,830
Provision for diminution in the value of investments	-	-
Provision for doubtful debts and advances	2,31,322	2,31,322
Others	-	49,90,199
Gross deferred tax asset	1,36,75,676	2,11,15,351
Net Deferred Tax Liability	11,82,16,411	10,16,95,371

Note 7 - Provisions	Long Term		Short Term	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Provision for employee benefits:				
Provision for gratuity	40,55,969	1,28,11,447	44,63,107	40,02,831
Provision for leave benefits	11,45,743	10,80,421	16,81,815	16,36,826
	52,01,712	1,38,91,868	61,44,922	56,39,657
Other Provisions:				
Provision for Income tax	-	-	1,98,00,000	72,00,000
Proposed Dividend	-	-	34,72,704	34,72,704
Tax on proposed dividend	-	-	5,63,360	5,90,186
	-	-	2,38,36,064	1,12,62,890
	52,01,712	1,38,91,868	2,99,80,986	1,69,02,547

Note 8 - Short Term Borrowings	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Cash credit from Banks (Secured)	22,69,50,284	16,48,44,236
Loan repayable on demand (Unsecured)		
- from Directors	2,01,006	8,20,207
Deposits (unsecured)		
- from Shareholders	78,77,000	1,32,80,000
- from Public	1,71,08,000	2,37,78,000
	25,21,36,290	20,27,22,443
<u>The above amount includes</u>		
Secured borrowings	22,69,50,284	16,48,44,236
Unsecured borrowings	2,51,86,006	3,78,78,207

Note : The above Cash Credit loan from Banks are secured by way of first charge on Cotton, Yarn, Stock-in-process, Stores and spares and book debts and second charge on the fixed assets. The same is repayable on demand.

Note 9 - Other Current Liabilities	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
9.1 - Trade payables	10,26,01,172	4,54,36,759
	10,26,01,172	4,54,36,759
9.2 - Other Liabilities:		
Current maturities of long term borrowings	8,30,00,000	11,30,00,000
Interest accrued but not due on borrowings	43,07,653	68,14,942
Advance from customers	11,35,155	8,56,875
Unclaimed dividend	5,27,563	4,42,689
Unclaimed FDs and interest accrued thereon	-	-
Accrued Salaries and Benefits	1,49,80,889	1,35,23,022
Directors Remuneration	27,41,071	-
Trade Deposits	-	-
Statutory Dues	16,88,289	20,20,884
Outstanding Liabilities for expenses	2,69,55,200	3,64,78,676
Other payables	1,26,98,379	1,32,38,152
	14,80,34,199	18,63,75,240
	25,06,35,371	23,18,11,999

Note 10 - Tangible Assets

Sl. No.	Description	Cost upto 31.03.13	Gross Block			Depreciation				Net Block	
			Additions during the year	Deductions during the year	Cost upto 31.03.14	upto 31.03.13	for the year	on Deductions	upto 31.03.14	W.D.V. As At 31.03.14	W.D.V. As At 31.03.13
1.	Land	22,61,750	0	0	22,61,750	0	0	0	0	22,61,750	22,61,750
2.	Buildings	7,73,73,960	0	0	7,73,73,960	2,50,44,756	23,23,256	0	2,73,68,012	5,00,05,948	5,23,29,204
3.	Plant & Machinery	111,10,87,371	12,27,77,547	1,01,60,917	122,37,04,001	48,17,49,446	5,66,94,290	95,72,505	52,88,71,231	69,48,32,770	62,93,37,924
4.	Furniture & Fittings	20,29,833	0	0	20,29,833	15,59,702	29,013	0	15,88,715	4,41,118	4,70,131
5.	Transport equipment	27,24,782	0	0	27,24,782	8,86,465	2,09,994	0	10,96,459	16,28,323	18,38,317
Total		119,54,77,696	12,27,77,547	1,01,60,917	130,80,94,326	50,92,40,369	5,92,56,553	95,72,505	55,89,24,417	74,91,69,909	68,62,37,326
Previous year		115,15,33,272	4,68,97,309	29,52,886	119,54,77,696	45,83,96,611	5,32,93,417	24,49,658	50,92,40,370	68,62,37,326	69,31,36,662

Note: No impairment of assets, hence, the relevent disclosure was not made herein above.

Note 11 - Non-current Investments	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Trade Investments (valued at cost unless stated otherwise)		
<u>Unquoted equity instruments</u>		
1268000 (31 March 2013 : 1268000) Equity shares of Rs. 10/- each, fully paid up in Andhra Pradesh Gas Power Corporation Ltd.,	3,50,87,500	3,50,87,500
	3,50,87,500	3,50,87,500
Non-trade Investments (valued at cost unless stated otherwise)		
<u>Investment in equity instruments (quoted)</u>		
301940 (31 March 2013 : 301940) Equity shares of Rs. 10/- each, fully paid up in The Andhra Sugars Ltd., Tanuku	36,82,298	36,82,298
<u>Equity Shares (Unquoted)</u>		
5100 (31 March 2013 : 5100) Equity Shares of Rs. 10/- each, fully paid up in The Andhra Farm Chemicals Corporation Ltd., Kovvur	51,000	51,000
<u>Government and Trust securities (unquoted)</u>		
Investment in government securities	500	500
	37,33,798	37,33,798
	3,88,21,298	3,88,21,298
Aggregate amount of quoted Investments		
- Market Value Rs.	2,96,80,702	4,04,29,766
- Cost Rs.	36,82,298	36,82,298
Aggregate amount of unquoted investments	3,51,39,000	3,51,39,000
Aggregate provision for diminution in value of investments	-	-

Note 12 - Loans and advances	Non-current		Current	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
<u>Capital Advances</u>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	29,43,990.00
(A)	-	-	-	29,43,990.00
<u>Security Deposit</u>				
Secured, considered good	-	-	-	-
Unsecured, considered good	1,80,70,037	1,80,70,037	-	-
Doubtful	-	-	-	-
(B)	1,80,70,037	1,80,70,037	-	-
Loans and advances to related parties				
Unsecured, considered good	-	-	-	-
(C)	-	-	-	-
<u>Advances recoverable in cash or kind</u>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	46,43,333	47,74,612
Doubtful	-	-	-	-
	-	-	46,43,333	47,74,612
Provision for doubtful advances	-	-	-	-
(D)	-	-	46,43,333	47,74,612
<u>Other Loans and Advances</u>				
Foreign Currency	-	-	-	-
MAT Credit	4,31,45,406	4,10,34,053	-	-
Advances to Trade Payables	-	-	23,499	-
Advance Income-tax / TDS	-	-	1,23,28,384	42,64,206
Interest subsidy receivable (TUFS)	-	-	33,93,834	37,19,890
Prepaid expenses	-	-	82,023	1,57,023
Loans and Advance to employees	55,274	21,000	1,11,000	32,000
Balances with Statutory / government authorities	-	-	6,16,356	6,16,356
(E)	4,32,00,680	4,10,55,053	1,65,55,096	87,89,475
Total [A+B+C+D+E]	6,12,70,717	5,91,25,090	2,11,98,429	1,65,08,077

Note 13.1 - Trade receivables	Non-current		Current	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Unsecured, considered good, unless stated otherwise: Outstanding for a period exceeding six months from the due date of payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	11,320	23,957
Doubtful	-	-	7,12,967	7,12,967
	-	-	7,24,287	7,36,924
Provision for doubtful receivables	-	-	7,12,967	7,12,967
(A)	-	-	11,320	23,957
<u>Other receivables</u>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	8,26,57,374	9,01,33,785
Doubtful	-	-	-	-
	-	-	8,26,57,374	9,01,33,785
Provision for doubtful receivables	-	-	-	-
(B)	-	-	8,26,57,374	9,01,33,785
Total [A+B]	-	-	8,26,68,694	9,01,57,742

Note 13.2 - Other assets	Non-current		Current	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
<u>Unsecured, considered good unless stated otherwise</u>				
Non-current bank balances	-	1,000	-	-
[A]	-	1,000	-	-
<u>Others</u>				
Interest accrued	-	-	16,13,748	10,62,620
[B]	-	-	16,13,748	10,62,620
Total [A+B]	-	1,000	16,13,748	10,62,620

Note 14 - Inventories (valued at lower of cost and net realizable value)	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
Raw materials and components at Cost	18,05,24,349	8,01,75,592
Work-in-progress at Cost	3,29,91,969	3,02,54,755
Finished goods at Cost	2,75,08,520	2,13,90,106
Stores and spares at Cost	2,24,66,265	2,10,15,229
Loose tools & Implements	4,05,560	4,10,989
Total	26,38,96,663	15,32,46,671

Note 15 - Cash and Bank balances	Non-current		Current	
	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.	As At 31st March 2014 Rs.	As At 31st March 2013 Rs.
<u>Cash and Cash Equivalents :</u>				
Balances with Banks:				
In current accounts			76,200	1,63,303
Deposits with original maturity of less than 3 months			8,42,000	-
In unclaimed dividend accounts			5,27,563	4,42,689
Cash on hand			1,43,255	46,474
			15,89,018	6,52,466
<u>Other Bank Balances :</u>				
Deposits with original maturity for more than 12 months	-	1,000	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	-
Margin money deposit	-	-	12,74,500	12,74,500
	-	1,000	12,74,500	12,74,500
Amount disclosed under non-current assets(Note: 13.2)	-	1,000	-	-
Total	-	-	28,63,518	19,26,966

Note 16 - Revenue from operations	2013-2014 Rs.	2012-2013 Rs.
<u>Sale of products:</u>		
Finished goods	124,07,55,498	116,70,91,115
Sale of Cotton Waste	5,15,70,315	4,28,73,831
	129,23,25,813	120,99,64,946
Other Operating Revenue		
Packing & Forwarding charges collected	7,77,519	8,02,147
Revenue from operations	129,31,03,332	121,07,67,093

Details of products sold	2013-2014 Rs.	2012-2013 Rs.
<u>Finished goods sold:</u>		
Cotton Yarn	124,07,55,498	116,70,91,115
Cotton Waste	5,15,70,315	4,28,73,831
	129,23,25,813	120,99,64,946

Note 17 - Other Income	2013-2014 Rs.	2012-2013 Rs.
<u>Interest income on:</u>		
Bank deposits	3,86,286	3,69,894
Others	21,44,910	10,44,247
Dividend received	18,11,640	21,13,580
Government grant		
Commission income		
Other non-operating income #	32,09,094	16,11,140
	75,51,930	51,38,861

Note :

# Other non-operating income includes	2013-2014 Rs.	2012-2013 Rs.
Agricultural income	48,480	43,360
Interest collected on delay payments	46,942	-
Miscellaneous Receipts	6,44,056	2,93,307
Rent received	3,85,804	2,95,912
Net gain on sale of assets	20,83,812	9,78,561
Total	32,09,094	16,11,140

Note 18 - Cost of raw material consumed	2013-2014 Rs.	2012-2013 Rs.	
Inventory at the beginning of the year	8,01,75,592	6,89,53,820	
Add:Purchases	72,79,24,179	61,01,04,414	
	80,80,99,771	67,90,58,234	
Less: Inventory at the end of the year	18,05,24,349	8,01,75,592	
Cost of raw material consumed	62,75,75,422	59,88,82,642	
Details of raw material consumed	2013-2014 Rs.	2012-2013 Rs.	
i) Cotton	62,75,75,422	59,88,82,642	
Total	62,75,75,422	59,88,82,642	
Details of Inventory	2013-2014 Rs.	2012-2013 Rs.	
<u>Raw materials:</u>			
i) Cotton	18,05,24,349	8,01,75,592	
Total	18,05,24,349	8,01,75,592	
Note 19 - (Increase) / Decrease in inventories	2013-2014 Rs.	2012-2013 Rs.	(Increase) / Decrease Rs.
Inventories at the end of the year			2013-2014
Work in progress	3,29,91,969	3,02,54,755	(27,37,214)
Finished goods	2,67,43,689	2,06,65,706	(60,77,983)
Cotton waste	7,64,831	7,24,400	(40,431)
	6,05,00,489	5,16,44,861	(88,55,628)
Inventories at the beginning of the year			2012-2013
Work in progress	3,02,54,755	3,39,16,746	36,61,991
Finished goods	2,06,65,706	1,51,17,273	(55,48,433)
Cotton waste	7,24,400	9,38,559	2,14,159
	5,16,44,861	4,99,72,578	(16,72,283)
Details of Inventory	2013-2014 Rs.	2012-2013 Rs.	
<u>Work-in-progress</u>			
Cotton -in-process	3,29,91,969	3,02,54,755	
	3,29,91,969	3,02,54,755	
<u>Finished goods</u>			
Cotton waste	7,64,831	7,24,400	
Yarn at factory	2,67,43,689	2,06,65,706	
	2,75,08,520	2,13,90,106	

Note 20 - Employee benefit expense	2013-2014 Rs.	2012-2013 Rs.
Salaries, wages and bonus	11,25,80,784	10,02,02,219
Contribution to provident and other fund	1,55,16,410	1,52,87,760
Gratuity expense	15,29,756	86,32,417
Staff welfare expenses	32,50,367	29,80,557
	13,28,77,317	12,71,02,953

Note 21 - Other expenses	2013-2014 Rs.	2012-2013 Rs.
Consumption of stores and spares	1,53,36,289	1,43,02,674
Processing Charges	2,14,81,280	1,99,09,488
Power and fuel	19,01,23,722	18,02,39,765
Freight and forwarding charges	71,14,849	96,41,778
Rent	20,28,000	20,26,000
Rates and taxes	13,05,730	13,24,859
Insurance	11,21,486	11,35,587
Repairs and maintenance		
Plant and machinery	5,90,86,736	4,31,62,812
Buildings	19,45,682	17,65,927
Others	21,30,845	16,02,530
Difference in Foreign Exchange	42,482	-
Sales commission	91,75,886	99,41,252
Travelling and conveyance	9,92,543	19,10,819
Communication costs	1,35,562	1,86,836
Hank Yarn Obligation charges	6,11,724	4,71,738
Directors' sitting fee	1,00,500	95,000
Payment to auditors (Refer details below)	3,43,039	3,02,025
Loss on sale of fixed assets	-	1,01,788
Tools written off	45,888	45,666
Bank Charges	13,35,737	12,58,785
Miscellaneous expenses	99,57,464	1,05,94,125
	32,44,15,444	30,00,19,454

Payment to Auditors	2013-2014 Rs.	2012-2013 Rs.
<u>As Auditor:</u>		
Audit fee	1,12,360	95,506
Tax audit fee	46,910	39,326
Other services (certification fees)	81,461	87,642
Reimbursement of expenses	46,128	34,607
Cost Auditors Fee	56,180	44,944
Total	3,43,039	3,02,025

Note 22 - Depreciation and amortization expense	2013-2014 Rs.	2012-2013 Rs.
Depreciation of tangible assets	5,92,56,553	5,32,93,417
	5,92,56,553	5,32,93,417

Note 23 - Finance Costs	2013-2014 Rs.	2012-2013 Rs.
Interest	6,88,42,002	7,01,67,140
Other Borrowing cost	4,64,580	18,49,259
	6,93,06,582	7,20,16,399

Note 24	2013-2014 Rs.	2012-2013 Rs.
1. Contingent liabilities not provided for:		
a) Counter guarantees given to bankers for issue of Bank guarantees in favour of Government authorities.	49,95,859	49,95,859
b) Estimated amount of contracts to be executed on Capital accounts.	-	5,63,31,310
c) Claims against the company not acknowledged as debts;		
- Income tax matters	5,92,781	5,92,781
d) Bills discounted with Banks	4,56,97,185	3,17,04,160
2. Earnings in Foreign Currency	NIL	NIL
3. Expenditure incurred in Foreign Currency :		
- on account of foreign travel (excluding tickets purchased in Indian currency)	3,20,260	13,75,726
- CIF value of Imports made during the year :-		
- Raw materials	70,70,515	-
- Components and spare parts	1,16,06,532	1,27,36,010
- Capital Goods	3,76,76,900	2,30,77,354

4. Sales :	2013-14		2012-13	
	Quantity (Kgs.)	Value Rs.	Quantity (Kgs.)	Value Rs.
Cotton yarn	30,77,278	124,15,33,017	36,20,186	116,78,93,262
Waste	12,93,755	5,15,70,315	13,32,237	4,28,73,831
		129,31,03,332		121,07,67,093

	2013-14		2012-13	
	Quantity (Kgs.)	Value Rs.	Quantity (Kgs.)	Value Rs.
5. Raw Material Consumed Cotton	44,70,372	62,75,75,422	50,70,046	59,88,82,643
6. Opening Stock of Finished goods:				
Yarn	73,265	2,06,65,706	56,394	1,51,17,273
Waste	29,279	7,24,400	39,008	9,38,559
7. Closing stock of finished goods:				
Yarn	77,881	2,67,43,689	73,265	2,06,65,706
Waste	31,105	7,64,831	29,279	7,24,400

8. Details of Licenced, installed and actual production :

	2013-2014	2012-2013
a) Capacity registered with the Government : Spindles (Nos.)	86,928	87,360
b) Installed Capacity: Spindles (Nos.)	86,928	87,360
c) Actual Production:		
Yarn (Kgs.)	30,81,894	36,37,057
Waste (Kgs.)	12,95,581	13,22,508

Note : The licenced and installed capacities are as certified by the Management.

9. Comparison between indigeneous and imported raw materials, components and spare parts during the year :

a) Raw materials :	2013-14		2012-13	
	Value	%	Value	%
Imported	7,77,830	0.12	1,41,58,104	2.36
Indigenous	62,67,97,592	99.88	58,47,24,539	97.64
	62,75,75,422	100%	59,88,82,643	100%
b) Components and spare parts: (charged to appropriate heads)				
Imported	1,43,70,676	26.29	1,23,06,232	31.77
Indigenous	4,02,91,498	73.71	2,64,23,659	68.23
	5,46,62,174	100%	3,87,29,891	100%

10. The balances in the accounts of various parties are subject to confirmation by and reconciliation with the concerned parties.

11. Disclosures on payments and dues to suppliers as defined in Micro, Small and Medium enterprises Development Act, 2006:

i) Amount remaining unpaid beyond the appointed/agreed date at the end of the year.	
a) Principal amount of bills to be paid	Nil
b) Interest due thereon	Nil

- ii) a) Payments made to suppliers, during the year, but beyond appointed/agreed date Nil
Interest thereon in terms of sec.16 of the Act Nil
b) Interest paid along with such payments during the year Nil
c) Interest due and payable at the end of the year on such payments during the year Nil
iii) Amount of interest, for the year, u/s 16 of the Act, including accrued and remaining unpaid at the end of year Nil
iv) The total amount of interest, u/s 16 of the Act, including that arising in earlier years, accrued and remaining unpaid at the end of the year Nil
- Note: For the purpose of the above details of the status of the suppliers under the Act has been determined, to the extent of and based on information furnished by the respective parties and has accordingly, been relied upon by the company and its auditors.

12. DISCLOSURE REQUIRED BY ACCOUNTING STANDARD-15 (REVISED) - EMPLOYEE BENEFITS

	2013-14		2012-13	
	GRATUITY	Leave Encashment	GRATUITY	Leave Encashment
a) Reconciliation for present value of obligations				
Present value of obligations as at beginning of year	6,55,20,931	27,17,247	5,71,94,655	25,33,005
Interest Cost	52,41,674	2,44,552	45,75,572	1,74,867
Current Service Cost	33,44,869	3,65,227	33,44,869	1,84,242
Benefits paid	61,92,833	7,76,392	41,34,758	6,94,340
Actuarial (gain)/loss on obligation	(26,60,342)	2,76,924	45,40,593	5,19,473
Present value of obligations as at end of year	6,52,54,299	28,27,558	6,55,20,931	27,17,247
b) Reconciliation for Fair Value of Plan Assets				
Fair value of plan assets at beginning of year	4,87,06,653		3,92,16,064	
Expected return on plan assets	44,33,677		38,28,617	
Contributions	97,87,726		97,96,730	
Benefits paid	(61,92,833)		(41,34,758)	
Actuarial gain on plan assets	—		—	
Fair value of plan assets at the end of year	5,67,35,223		4,87,06,653	
c) Expenses Recognised in statement of Profit & loss a/c				
Current Service cost	33,44,869	3,65,227	33,44,869	1,84,242
Interest Cost	52,41,674	2,44,552	45,75,572	1,74,867
Expected return on plan assets	44,33,677	-	38,28,617	-
Net Actuarial gain recognized in the year	(26,60,342)	2,76,924	45,40,593	5,19,473
Expenses to be recognised in the profit & loss	14,92,524	8,86,703	86,32,417	8,78,582
d) Net Liability Recognised in the Balance Sheet				
Present value of obligations as at the end of year	6,52,54,299	28,27,558	6,55,20,931	27,17,247
Fair value of plan assets as at the end of the year	5,67,35,223	-	4,87,06,653	-
Funded status	(85,19,076)	(28,27,558)	(1,68,14,278)	(27,17,247)
Net Liability Recognized in the Balance Sheet	85,19,076	28,27,558	1,68,14,278	27,17,247
e) Acturial Assumptions				
Assumptions				
Discount Rate	8.00%	9.00%	8.00%	8.00%
Salary Escalation	7.00%	8.00%	8.00%	6.00%
Mortality rate	LIC 1994-96, IAL (2006-08)			

13. As the company is engaged in manufacture of a single line of products, identification of the company's business into segments does not arise, as contemplated in Accounting Standard (AS-17) "Segment reporting" issued by the Institute of Chartered Accountants of India.

14. Particulars disclosed pursuant to "AS-18 Related Party Disclosures".

A. List of related parties

1	Key Managerial Personnel	Sri M.S.R.V.K. Rangarao
2	Relatives of Key Managerial Personnel	Smt. M. Satyanarayanamma - Mother of Sri M.S.R.V.K. Rangarao Smt. Dukkipati Kamala - Sister of Sri M.S.R.V.K. Rangarao Smt. M. Srivani - Wife of Sri M.S.R.V.K. Rangarao Sri M. Harischandra Prasad - Brother of Sri M.S.R.V.K. Rangarao Master M. Venkatarayudu - Son of Sri M.S.R.V.K. Rangarao Ms. M. Rukmini - Daughter of Sri MSRVK Rangarao Ms. M. Ramya Tara - Daughter of Sri M.S.R.V.K. Rangarao Dr. D. Madhusudhanarao - Sister's Husband of Sri M.S.R.V.K. Rangarao
3	Enterprises controlled by Key Managerial Personnel and Relatives of Key Managerial Personnel	The Andhra Sugars Ltd., VSM Spinning Mills Pvt. Ltd., Sree Venkataraya Printers & Packers Pvt. Ltd., Sree Venkataraya Threads Private Ltd., Royal Printing Works

B. Transactions with the related parties :

Sl. No.	Nature of transaction	Enterprises Controlled by Key Managerial Personnel and relatives of Key Managerial	Key Managerial Personnel	Relative of Key Managerial Personnel
1.	Purchase of Goods from Sree Venkataraya Printers & Packers Pvt. Ltd.	1,05,38,643 (89,91,501)		
	Sree Venkataraya Threads Pvt. Ltd.	- (1,39,503)		
2.	Sale of Goods to The Andhra Sugars Ltd.	2,70,493 (2,42,910)		
3.	Dividends received from The Andhra Sugars Ltd.	18,11,640 (21,13,580)		
4.	Services Rendered by Royal Printing Works	1,02,500 -		
	Sree Venkataraya Printers & Packers Pvt. Ltd.	- (1,13,005)		
	Sree Venkataraya Threads Pvt. Ltd.	2,14,81,280 (1,99,09,488)		
5.	Remuneration paid to Sri M.S.R.V.K. Rangarao		50,62,109 (22,16,615)	
6.	Interest paid to The Andhra Sugars Limited.,	3,36,575 (47,19,452)		
	Sri M.S.R.V.K. Rangarao		20,279 (1,09,739)	
	Smt. Dukkupati Kamala			12,10,992 (9,56,681)
	Smt. M.Satyanarayanamma			4,80,816 (3,34,682)
	Sri Mullapudi Venkatarayudu			1,89,331 (1,58,952)
	Kum. M Rukmini			34,054 (31,027)
	Kum M Ramya Tara			1,09,615 (99,386)
	Smt M Srivani			60,701 (55,584)
	Sri D Madhusudhanarao			54,129 (20,203)
7	Loan Repaid to The Andhra Sugars Ltd.	1,00,00,000 (4,00,00,000)		
8	Rent paid to Sree Venkataraya Printers & Packers Pvt. Ltd.	5,25,000 (5,25,000)		
	VSM Spinning Mills Pvt. Ltd.	8,19,000 (8,19,000)		

Sl. No.	Nature of transaction	Enterprises Controlled by Key Managerial Personnel and relatives of Key Managerial	Key Managerial Personnel	Relative of Key Managerial Personnel
9	<u>Balances as at 31.3.2014 :</u> Share capital of the Company held by The Andhra Sugars Ltd.	14,00,000 (14,00,000)		
	Sri M.S.R.V.K. Rangarao		4,96,000 (4,96,000)	
	Dr. M. Harischandra Prasad			4,96,000 (4,96,000)
	Smt. Mullapudi Satyanarayanamma			5,56,570 (5,56,570)
	Other Relatives			45,200 (45,200)
10	Investments held in The Andhra Sugars Ltd.	36,82,298 (36,82,298)		
	The Andhra Farm Chemicals Corp. Ltd.	51,000 (51,000)		
11	Amount due to The Andhra Sugars Ltd.	- (1,00,00,000)		
	Sri M.S.R.V.K. Rangarao		29,42,077 (8,20,207)	
	Smt. Mullapudi Satyanarayanamma			58,67,496 (31,49,959)
	Smt. Dukkupati Kamala			1,02,55,447 (1,09,03,574)
	Sri Mullapudi Venkatarayudu			18,11,331 (16,50,724)
	Kum. M Rukmini			3,29,054 (3,09,013)
	Kum M Ramya Tara			10,78,549 (9,81,372)
	Smt M Srivani			5,81,011 (4,55,584)
	Sri D Madhusudhanarao			7,19,129 (2,78,097)
12	Dividends paid to The Andhra Sugars Ltd.	2,80,000 (1,40,000)		
	Sri M.S.R.V.K. Rangarao		99,200 (49,600)	
	Dr. M. Harischandra Prasad			99,200 (49,600)
	Smt. Mullapudi Satyanarayanamma			1,11,314 (55,657)
	Other Relatives			9,040 (4,520)

15. Earning Per Share - the numerators and denominations used to calculate Basic and Diluted Earning per Share for the Years :

Particulars		2013-2014 Rs.	2012-2013 Rs.
Profit attributable to the Shareholders	A	6,19,30,911	2,40,46,695
Basic/Weighted Average No of Equity Shares Outstanding during the year	B	17,36,352	17,36,352
Nominal value of Equity Share Rs.		10	10
Basic and Diluted Earning Per Share	A/B	35.67	13.85

16. Previous year figures have been regrouped wherever necessary and figures have been rounded off to the nearest rupee.

17. Previous year figures have been shown in brackets.

Per our report of even date
For Brahmayya & Co., (Regn. No. 000513S)
Chartered Accountants
T.V. Ramana
Partner.
Membership No. 200523
Camp : Tanuku
Date : 30-04-2014

For and on behalf of the Board of Directors
P. Narendranath Chowdary, Chairman
DIN : 00015764
M.S.R.V.K. Rangarao, Managing Director
DIN : 00031720
N.Satyanarayana, General Manager (Fin & Admin)
Venkatarayapuram, Tanuku.
Date : 30-04-2014