SURYAJYOTI SPINNING MILLS LIMITED

Corp. Office : Surya Towers, 7th Floor, 105, Sardar Patel Road, Secunderabad - 500 003. India.
Phone : 27810086, 27898842, 27814265, Fax : 040-27846837
E-mail : info@suryajyoti.com, Visit us : www.suryajyoti.com
Regd. Office : Burgul Village, Farooqnagar Mandal, Mahaboobnagar Dt. Pin-509 202 (T.S.)
Phone : 08548-255246
CIN : L18100TG1983PLC003961

Dated 7th November 2016

The General Manager
Department of Corporate Services
Bombay Stock Exchange Limited
1st Floor, Rotunda Building, B.S. Marg,
Fort, Mumbai - 400 001.

The Manager
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

Dear Sir,

Sub: Outcome of Board meeting – reg.

Ref: SEBI (LODR) Regulations, 2015.

Scrip Code : 521022; Symbol: SURYAJYOTI

The Board of Directors at their meeting held on even date has approved for considering making an application to BIFR (Board for Industrial and Financial Reconstruction) subject to the approval of shareholders at the Extra-ordinary General Meeting (EGM) to be held on 29th November 2016.

Also please find enclosed notice of EGM. Kindly take the same on record.

Thanking you,

Yours faithfully,
for **SURYAJYOTI SPINNING MILLS LIMITED**

SOMA V.S.
COMPANY SECRETARY

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Members of SURYAJYOTI SPINNING MILLS LIMITED will be held at 11.30 a.m. on Tuesday the 29th day of November 2016 at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, Telangana, to transact the following business:

SPECIAL BUSINESS:

Considering erosion of Net Worth of the Company as per section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT the Report of the Board of Directors of the company to the Shareholders on erosion of more than fifty percent of the Company's peak net worth during the immediately preceding four financial years by its accumulated losses as on 31st March, 2016 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, (SICA) be and is hereby considered and approved.

RESOVED FURTHER THAT in accordance with the requirement of Section 23 of the SICA, the company do report to the Board of Industrial and Financial Reconstructions (BIFR) of the fact that the accumulated losses of the company as on 31st March 2016 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial year.

RESOLVED FURTHER THAT the Board be and is hereby authorized to report the aforesaid erosion to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) of the company.

By order of the Board
for **Suryajyoti Spinning Mills Limited**

Sd/-
Soma VS
Company Secretary

Place : Secunderabad
Date : 07.11.2016

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself/herself. Such a proxy need not be a member of the company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.

4. In terms of Sick Industrial Companies (Special Provisions) Act, 1985, the shareholders of the Company are required to take note of the Report of Board of Directors on erosion of the net-worth and causes for such erosion within sixty days of finalization of the audited accounts of the Company. The financial statements of the Company for F Y 2015-16 were adopted by the Shareholders at their Annual General Meeting held on 30.09.2016.

5. All documents referred to in the notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days, upto the date of EGM.

6. Electronic copy of the notice convening Extraordinary General Meeting, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies are being sent in the permitted mode.

E-VOTING

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on the resolution(s) set forth in the Notice convening the Extraordinary General Meeting. The Company has engaged the services of M/s. Karvy Computershare Private Limited to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 24th November, 2016 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

The e-voting period will commence on Friday, 25th November, 2016 (09:00 hrs) and will end on Monday, 28th November, 2016 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mrs. N. Madhavi, Company Secretary in Practice to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Extraordinary General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure & instructions on e-voting, given in a separate sheet, which forms part of this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102
OF THE COMPANIES ACT, 2013

Item No. 1

In term of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, such company is required to report the fact of such erosion to the Board for Industrial and Financial Reconstruction ("BIFR") and hold a general meeting of the shareholders of such company for considering such erosion, both within 60 days from the date of finalization of the audited accounts, which is the date on which such accounts are adopted at the annual general meeting of the company. Further, the board of directors of such company is required to forward to every member of the company a report as to such erosion and the causes for such erosion, at least twenty one days before the date on which the above mentioned general meeting of the shareholders is held.

As per the audited annual accounts of the company for the financial year ended 31st March, 2016 which were approved by the shareholders of the company at the 33rdAnnual General Meeting held on 30 Sept 2016, the accumulated losses of the company as at 31st March 2016 have eroded more than fifty percent of its peak net worth during the four financial years preceding the financial year ended 31st March, 2016.

A report of the Board of Directors on such erosion and the causes of such erosion is enclosed and forms an integral part of this notice.

Accordingly, this extraordinary general Meeting is being convened to consider and approved the enclosed report of the Board of Directors on such erosion and its causes, and the measures being taken as per the relevant provisions of SICA, and also to approved the reporting of such erosion to BIFR in terms of Section 23 of SICA.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested, financially or otherwise, in this Resolution. The Board commends the Resolution for approval of the members as a Special Resolution.

By order of the Board
for **Suryajyoti Spinning Mills Limited**

Sd/-
Soma VS
Company Secretary

Place : Secunderabad
Date : 07.11.2016

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF SURYAJYOTI SPINNING MILLS LTD UNDER SECTION 23(1)(B) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 (SICA)

To the members of
Suryajyoti Spinning Mills Limited

Suryajyoti Spinning Mills Ltd (the company/SSML) is a public company engaged in the business of manufacture and sale of Cotton Yarn, Polyster Yarn and Bottom Weight Fabric. The equity shares of the company are listed on BSE and NSE. The company has yarn manufacturing capacity of 86,560 spindles and 20 million tonnes of Fabric capacity. The company has commenced operations in the year 1995 and the units are located at Makthal, Burgul, Rajapur and Kucherkal villages in the district of Mahaboobnagar.

Due to depressed market conditions for cotton textiles in the country for the last couple of years, SSML has incurred continuous losses. The promoters had visualised the market conditions and approached the Corporate Debt Restruction (CDR) cell and got a debt restructuring scheme approved in the month of Mar 2013. However, the company could not perform in line with the CDR projections even though the capacity utilisation has been almost at the same level due to subdued selling prices.

As per the Audited Annual Accounts of the company for the year ended 31st March 2016 (which were approved and adopted at the 33rd annual general meeting of the Members of the company held on 30th September 2016, the accumulated losses of the company as on 31st March 2016 exceeded fifty percent of the peak net worth of the company during the immediately preceding four financial years.

In terms of the provision of Section 23 (1)(a)(ii) read with Section 23(1)(b) of the SICA, the company is required, within 60 days of the said AGM, to report the fact of such erosion to BIFR and also to hold a general Meeting of its shareholders for considering the Report of Board of Directors on such erosion and the causes for the same.

The details of net worth and accumulated losses of the company for the immediately preceding four financial years (i.e., the financial years 2011-12, 2012-13, 2013-14, 2014-15) vis-à-vis the last financial year 2015-16 are given hereunder:

Rs. in crores

Sl No.	Particulars	31-3-2012	31-3-2013	31-3-2014	31-3-2015	31-3-2016
1	Paid up Capital	25.31	35.31	35.31	38.38	38.38
2	Free Reserves	81.42	81.42	81.42	81.42	81.42
3	Net Worth	106.73	116.73	116.73	116.73	116.73
4	Peak Net Worth	116.73				
5	50% of Peak Net Worth	58.37				
6	Accumulated Losses	10.43	24.52	36.61	46.15	67.23
7	Erosion (% of Peak NW)	8.93	21.01	31.36	39.54	57.59

Thus, the accumulated losses of the company (Rs.67.23 cr) as on 31st March 2016 have eroded more than 50% of peak NW in the immediately preceding four financial years (Rs.58.37 crores) thereby attracting the provisions of Section 23 of SICA.

CAUSES FOR EROSION

The management is doing their best to improve the operational performance of the company and the major causes leading to the aforesaid erosion in networth are as under:

- Non-remunerative realizations of Yarn and Fabric on one hand and increased Cotton cost due to Government policies (MSP) on the other hand;
- High cost of Interest burden.
- Devaluation of currencies in various countries including China affected the Indian Textile business.
- Higher level of benefits/incentives by North based States compared to South based States.

MANAGEMENT'S OBSERVATIONS AND STEPS TAKEN TO IMPROVE FINANCIAL PERFORMANCE:

The company believes that the causes leading to the aforesaid erosion of net worth are exceptional and beyond the control of the management. However, the following steps are being taken to improve the financial performance of the company in the coming years:

(a) A second debt Restructuring, for which the company has already submitted its proposals to the Consortium of Banks.

(b) Development of new markets to enhance the realization.

(c) Rationalization of various cost centers.

(d) The sales realization is expected to improve as per the industry experts.

(e) Disposing off one of the units of the company to reduce the debt burden.

The Board of Directors of the company believes that the company will be able to recover and recoup the above stated erosion in Net Worth in the years to come.

for and on behalf of the Board
for **Suryajyoti Spinning Mills Limited**

Sd/-
R.K.AGARWAL
Managing Director

Place : Secunderabad
Date : 07.11.2016

SURYAJYOTI SPINNING MILLS LIMITED

CIN : L18100TG1983PLC003961

Regd. Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar Dist - 509202, Telangana

Corp. Office: 7th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500 003, Telangana

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I/We hereby record my/our presence at the **EXTRAORDINARY GENERAL MEETING** of the Company, to be held on Tuesday, the 29th day of November 2016 at 11.30 a.m. at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509202, Telangana and at any adjournment thereof.

Signature of the Shareholder(s)/Proxy's : _____

Shareholders/Proxy's Full Name (In Block Letters): _____

Folio No./Client ID : _____

No. of Shares Held : _____

PROXY FORM

SURYAJYOTI SPINNING MILLS LIMITED

CIN : L18100TG1983PLC003961

Regd. Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar Dist - 509202, Telangana

Corp. Office: 7th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500 003, Telangana

Name of the member (s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

I/We, being the member (s), holding……. shares of M.s. Suryajyoti Spinning Mills Limited, hereby appoint

1. Name: …… Address: ……
E-mail Id: ……Signature:……..……., or failing him/her

2. Name: …… Address: ……
E-mail Id: ……Signature: ……...…… …., or failing him/her

3. Name: …… Address: ……
E-mail Id: ……Signature: ……...…… ……...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General meeting of the company, to be held on the 29th day of November, 2016 at 11:30 a.m. at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509202, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	**Resolutions**	**Optional**	
		For	**Against**
1	Considering erosion of Net Worth of the Company as per section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985		

Signed this…… day of November 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix Re.1/- Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.