

SURYAJYOTI SPINNING MILLS LIMITED



BOARD OF DIRECTORS

Dr. Akkineni Nageswara Rao	Director
Sri. K. Harishchandra Prasad	Director
Sri. Sanjeev Mitla	Director
Sri. Ankit Jain	Director
Sri. Ravinder Kumar Agarwal	Managing Director
Sri. Arun Kumar Agarwal	Executive Director

Vice President (Finance)

Sri. M. Bala Guravaiah

Company Secretary

Smt. N. Madhavi

Registered Office

Burgul Village
Farooqnagar Mandal
Mahabubnagar District, A.P.

Corporate Office

7th Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad - 500 003.

Factories

Makthal Village

Makthal - Narayanpet Road,
Mahabubnagar District, A.P.

Burgul Village

Farooqnagar Mandal
Mahabubnagar District, A.P.

Rajapur Village

Balanagar Mandal
Mahabubnagar District, A.P.

Kucherkal Village

Balanagar Mandal
Mahabubnagar District, A.P.

Bankers

State Bank of India

Industrial Finance Branch
Hyderabad.

IDBI Bank Ltd.,

Chapel Road,
Hyderabad.

Indian Overseas Bank

Parklane,
Secunderabad.

State Bank of Hyderabad

Commercial Branch
Secunderabad.

Auditors

M/s. Brahmayya & Co.,
Flat No. 403 & 404,
Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad - 500 082.

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SURYAJYOTI SPINNING MILLS LIMITED



NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of SURYAJYOTI SPINNING MILLS LIMITED will be held at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District, Pin - 509 202 A.P., on Tuesday, the 31st day of August 2010 at 11.30 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as on that date together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Sri. Sanjeev Mitla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri K. Harishchandra Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 2000, the Listing Agreement entered into by the Company with the Stock Exchanges where the Shares of the Company are listed or proposed to be listed and subject to the approval of Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to that conditions and modifications as may be prescribed or imposed by any of

them while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (herein after referred to as Board) and/or a duly authorized Committee thereof for the time being exercising the powers conferred by the Board, the consent of the members of the Company be and is hereby accorded to create, offer, issue, allot and deliver in one or more tranches on a preferential basis not exceeding 30,00,000 (Thirty lacs only) Fully Convertible Warrants (Convertible into equal number of Equity Shares within a period of 18 months from the date of allotment of Warrants) at a price of Rs.31 per warrant (comprising nominal value of Rs.10 and premium of Rs.21 each) and the issue price being not less than the price as arrived at, in accordance with the terms of Chapter VII of Securities and Exchange Board of India (Issue Of Capital and Disclosure Requirements) Regulations, 2009, for cash, on preferential basis to the following Promoters/Promoter Group of the Company as detailed below:

	Name of the Person	No. of warrants
1.	Mr. Ravinder Kumar Agarwal	10,00,000
2.	Mr. Arun Kumar Agarwal	10,00,000
3.	Mrs. Vijayalatha Jain	10,00,000
	Total	30,00,000

"RESOLVED FURTHER THAT the 'Relevant date' for the purpose of determining the issue price of warrants, in pursuance of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, is 1st August, 2010, being the date 30 days prior to the date of this Annual General Meeting."

"RESOLVED FURTHER THAT new shares allotted on conversion of warrants herein referred to shall be subject to the Memorandum and Articles of Association of the Company and will rank pari passu in all respects including the payment of dividend with existing Equity shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any such powers to any officer or officers of the Company to give effect to the aforesaid resolutions including to execute any document on behalf of the company and to represent the Company before any Government authorities and to appoint any professional advisor/consultants/lawyers."

SURYAJYOTI SPINNING MILLS LIMITED



"RESOLVED FURTHER THAT subject to SEBI Regulations/Guidelines and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Fully Convertible Warrants and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to agree, make and accept all such terms(s), conditions(s), modification(s) and alteration(s) as it may deem fit, including, condition(s), modification(s) and alteration(s) stipulated or required by any relevant authorities or by their bye-laws, rules, regulations or guidelines, and the Board is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise in regard to such offer, issue and writings and to do all such acts, deeds

and things in this connection and/or incidental as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the Company."

"RESOLVED FURTHER THAT the Board shall also seek listing of such Equity Shares resulting on conversion of warrants of the face value of Rs.10 each at all the Stock Exchanges where the Equity Shares of the Company are already listed."

By Order of the Board
For **SURYAJYOTI SPINNING MILLS LIMITED**

N. Madhavi

AGM (Legal) & Company Secretary

Place : Secunderabad

Date : 31st July, 2010

NOTES

1. The Register of Members and Share Transfer books of the Company will remain closed from 28th August 2010 to 31st August 2010 (both days inclusive) for the purpose of Annual General Meeting.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the Company.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office / Corporate Office not less than 48 hours before the time for holding the meeting.
4. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
5. The Members are requested to notify change, if any, in their address to Registrar and Transfer Agent viz., Sathguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar, Behind Sai Baba Temple, Punjagutta, Hyderabad - 500 034, immediately, quoting their Folio No.
6. All communications regarding shares are to be addressed to the Registrars and Transfer Agents at the address mentioned above.

7. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven days prior to the date of the meeting for consideration of the management to deal at the meeting.
8. Unclaimed Dividends will be transferred to the Investor Education and Protection Fund set up by the Central Government on the date mentioned below:

Financial Year	Date of Declaration	Due for transfer on
2004-05	30.09.2005	05.11.2012
2005-06	29.09.2006	04.11.2013
2006-07	28.09.2007	03.11.2014
2007-08	20.09.2008	25.10.2015

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek revalidation/issue of duplicate warrants/Demand drafts by writing to the Registrars/Company.

Also note that no claim shall be made against said fund or Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they became first due for payment and no payment shall be made in respect of such claims.



EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

Your Company is proposing to offer, issue 30,00,000 Fully Convertible Warrants to the Promoters/Promoters group on preferential basis. The disclosure as required under Regulation 73 (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, are furnished as under:

a) Objects of the Preferential Issue:

The funds to be raised from the proposed issue of Fully Convertible Warrants will be utilized to meet the long term working capital requirements of the Company.

b) Intention of the promoters/directors/Key Management Personnel/others to subscribe to the offer:

The Promoters/Promoters group and Directors are intending to subscribe to the offer.

c) Shareholding pattern before and after the preferential offer shall be as under:

S. No.	Category	Pre Issue		*Post Issue (after allotment of Equity shares on conversion of warrants)	
		No. of shares held	% of share holding	No. of shares held	% of share holding
(A)	Promoter/Promoter Group Shareholding				
	(1) Indian	6315744	39.15	9315744	48.69
	(2) Foreign	–	–	–	–
(B)	Public Shareholding				
	(1) Institutions				
	Central/State Government(s)	637500	3.95	637500	3.33
	Foreign Institutional Investors	1036608	6.43	1036608	5.42
	(2) Non - Institutions				
	Bodies Corporate	2108286	13.07	2108286	11.02
	Individuals	4704229	29.16	4704229	24.59
NRIs & Foreign National	1330288	8.25	1330288	6.95	
	Total	16132655	100.00	19132655	100.00

*after conversion of all warrants.



d) Lock in Period

The Equity Shares and Fully Convertible Warrants to be issued are in accordance with the provisions of Section 81 (IA), and any other applicable provisions of the Companies Act, 1956. These Equity Shares and Fully Convertible Warrants are subject to Lock-in as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as applicable at the time of allotment.

e) Proposed time limit within which the allotment shall be completed

The allotment of the Fully Convertible Warrants will be completed within a period of 15 days from 31st August 2010, being a date on which shareholders sanction is obtained for preferential allotment in general meeting, as per Section 81 (IA) of the Companies Act, 1956. Provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment would be completed within 15 days of such approval.

f) Pricing of the Issue

The Pricing of the Fully Convertible Warrant as per the Securities And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 works out to be Rs.31/- per warrant as on 1st August 2010, being the relevant date. An amount of Rs.7.75 per fully convertible warrant (25% of the Issue price) shall be payable on or before the allotment of the said warrants. This amount shall be adjusted against the price payable subsequently for acquiring the Equity Shares by exercising the option for conversion with the balance amount being payable at the time of conversion and the said amount be forfeited in case the option to acquire warrants is not exercised.

g) The Identity of the proposed allottees and the percentage of post preferential Issue capital that may be held by them.

Mr. Ravinder Kumar Agarwal, Mr. Arun Kumar Agarwal and Mrs. Vijayalatha Jain are Promoters of the company. Along with group, they are holding 39.15% of the share capital before the proposed preferential offer and their shareholding will be 48.69% of the post preferential offer share capital.

The percentage of the Pre and Post preferential issue (on conversion) capital held by the proposed investors:

Name of the Investor	Pre-Issue		Post-Issue	
	No. of shares	%	No. of shares	%
Ravinder Kumar Agarwal	1231086	7.63	2231086	11.66
Arun Kumar Agarwal	1125600	6.98	2125600	11.11
Vijayalatha Jain	248900	1.54	1248900	6.53

h) Change in the control or composition of the Board

There will neither be any change in the composition of the Board nor any change in the control of the company on account of the proposed preferential issue. However there will be corresponding change in the shareholding pattern as well as voting rights consequent to preferential allotment.

i) Relevant Date

The relevant date for this purpose of issue of fully convertible warrant on preferential basis, is 1st August 2010 as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.



j) Auditors Certificate

A Copy of the Certificate from M/s. Brahmaya & Co., Chartered Accountants, Hyderabad, Statutory Auditors of the Company, certifying that the Issue of Shares is being made in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall be placed before the shareholders at the General Meeting and is available for inspection by the Members at the Registered Office.

k) Undertaking

The Company hereby undertakes that it shall re-compute the price of the Convertible Warrants in terms of the provisions of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 where it is required to do so.

Further, the Company also undertakes that if the amount payable on account of re-computation of the price is not paid within the time stipulated in SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, the Convertible Warrants/Equity Shares shall continue to be locked in till the time such amount is paid by the Allottees.

The Consent of the shareholders is therefore being sought pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the listing agreements entered into with the Stock Exchanges, authorizing the Board to raise additional capital by issue of fully convertible warrants into equity shares at later date in such manner or on such terms as the Board may deem fit in the manner proposed in the resolution.

Your Directors recommend the resolution for your approval.

The Directors of the Company are deemed to be concerned and interested in the resolution to the extent of number of equity shares held by them and their associates and or to be allotted to them and to their associates out of the proposed allotment.

By Order of the Board
For **SURYAJYOTI SPINNING MILLS LIMITED**

N. Madhavi
AGM (Legal) & Company Secretary

Place : Secunderabad
Date : 31st July, 2010



INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

SRI SANJEEV MITLA

Sri Sanjeev Mitla aged about 44 years is a Chartered Accountant and is in practice for more than 16 years. He is a senior partner in Sharma Goel & Co., Chartered Accountants, New Delhi. He has handled various assignments of Income Tax, Sales Tax, Company Law Matters, Internal Audits, Concurrent Audits, Statutory Audits and Systems Audit. He has also handled Management Consultancy, Project Consultancy, Feasibility studies, Accounts and Systems manual preparations and Financial Consultancy Services. A well-known Philanthropist, he is associated with several cultural and educational institutions in the state.

Names of the other Companies in which he is a Director:

1. Globus Industries & Services Ltd., - Director
2. Intellect Support Services Private Limited - Director
3. Intellect IT Services Private Limited - Director
4. Orange Services India Private Limited - Director
5. Proserve HR Solutions Private Limited - Director
6. Intellect e-Services Private Limited - Director
7. India Out Sourcing Partners Private Limited - Director
8. Accurate Computer Technologies Pvt. Ltd., - Director
9. SM IT Services Private Limited - Director

Memberships / Chairmanships of committees of Public Companies:

1. Suryaajyoti Spinning Mills Ltd., - Chairman of Audit Committee
2. Suryaajyoti Spinning Mills Ltd., - Member of Remuneration Committee

Sri Sanjeev Mitla was holding 2500 shares in the Company as on March 31, 2010.



SRI K.HARISHCHANDRA PRASAD

Sri K.Harishchandra Prasad aged about 57 years is MS (Chemical Technology) from Washington University, St.Louis, USA and M.B.A. from Central University USA., and having more than 30 years of experience in various capacities. Presently he is Managing Director of Lakshmi Finance & Industrial Corporation Ltd., Hyderabad, and President of Federation of Andhra Pradesh Chamber of Commerce & Industry (FAPCCI).

Name of the other Companies in which he is a Director:

1. Hyderabad Flextech Limited - Director
2. Diana Hotels Limited - Director
3. Andhra Printers Limited - Director
4. Healthy Investments Limited - Director
5. K.L.N.Holding Private Limited - Director
6. Unijolly Investments Company Limited - Director
7. L-PACK Polymers Limited - Director
8. B.N.Rathi Securities Limited - Director
9. Lakshmi Finance & Industrial Corporation Limited - Managing Director
10. Keerti Industries Limited - Director
11. Kapil Motors Private Limited - Director

Memberships / Chairmanships of committees of Public Companies:

1. Hyderabad Flextech Limited - Chairman of Audit Committee
2. Hyderabad Flextech Limited - Chairman of Remuneration Committee
3. Suryajyoti Spinning Mills Ltd., - Member of Audit Committee
4. Keerthi Industries Limited - Member of Audit Committee

Sri K. Harishchandra Prasad was holding 2200 shares in the Company as on March 31, 2010.



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 27th Annual Report together with the audited accounts for the financial year ended 31st March 2010.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	As at 31-03-2010	As at 31-03-2009
a] Gross Sales	26953.90	20952.76
b] Net Sales	26953.33	20952.32
c) Profit before Depreciation and taxes	1718.17	1299.65
d) Less: Depreciation	1166.49	809.89
e) Profit Before Tax	551.68	489.76
f) Provision for Tax	95.00	97.00
g) MAT Credit Entitlement	0.00	(38.35)
h) Fringe Benefit Tax	0.00	9.00
i) Deferred Tax Liability	90.92	121.58
j) Profit after taxes	365.76	300.53
k) Add: Balance brought forward from last year	2606.15	2305.62
l) Balance carried to Balance Sheet	2971.91	2606.15

OPERATIONS

Production:

Your Company had produced during the year 16975 MTs of yarn as against 16103 MTs in 2008-09 resulting an increase in production by 5%. Your Company had also processed 2552733 metres of Fabric from October 2009 to March 2010.

Sales:

Your Company achieved a turnover of Rs.26,953 lakhs compared to Rs.20,952 lakhs for the year 2008-09 representing an increase of around 29%. Your Company had earned a net profit after tax of Rs.366 lakhs during the year 2009-10, when

compared with a net profit after tax of Rs.300 lakhs during the year 2008-09 resulting an increase of 22%.

Changes in Share Capital:

There are no changes in the share capital during the year.

Dividend:

In view of the necessity of ploughing back of profits to meet the repayment obligations, your Directors are unable to recommend dividend.

Modernisation and Expansion:

The forward integration project taken up by the Company to set up weaving and processing unit, to process 20 million metres Fabric per annum, at Kucherkal Village, Mahabubnagar District, A.P, had commenced Commercial Production w.e.f. 1st October 2009.

Capital Expenditure:

During the year under review your Company had incurred capital expenditure of Rs.2864 lakhs.

Exports:

Your Company has exported yarn produced within its own plant amounting to Rs.11,248 lakhs. Out of this, yarn valued Rs.275 lakhs was exported through third parties. Including yarn procured from outside, your company has achieved export turnover of Rs.11,889 lakhs when compared with the turnover of Rs.10,263 lakhs in the previous year.

Your Company has its product presence in Latin America, Europe and Far East.

Directors:

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Sri K. Harishchandra Prasad and Sri Sanjeev Mitla would retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board of Directors recommends their re-appointment.

Brief profiles of Sri K. Harishchandra Prasad and Sri Sanjeev Mitla, the nature of their expertise in specific functional areas and the number of Companies in which they hold directorships and memberships/ Chairmanships of Committees of the Board, as



stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, have been provided elsewhere in this Annual Report.

Directors' Responsibility Statement:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed and there were no material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the accounts for the financial year ended 31st March 2010 on a 'going concern' basis.

Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement on Corporate Governance: (a) Management Discussion and Analysis, (b) Report on the Corporate Governance and (c) Certificate from the Auditors' of the Company regarding compliance of the Corporate Governance also form part of this Annual Report.

Auditors:

M/s Brahmaya & Co., Chartered Accountants, who are the statutory auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and

willingness for re-appointment.

Cost Auditors:

Mr. S.G. Ramakrishna, Cost Accountant, was appointed as Cost Auditor of the Company subject to the consent of the Government of India to conduct cost audit of all divisions of the Company for 2010-11.

Fixed Deposits:

The Company has not invited / accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure I to this report.

Particulars of Employees:

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 given in Annexure - II. The industrial relations were cordial at all units of the Company.

Acknowledgements:

Your Directors wish to place on record their appreciation for the valuable support and co-operation extended by State Bank of India, IDBI Bank, State Bank of Hyderabad, Axis Bank Limited, Indian Overseas Bank and State and Central Government Agencies.

Your Directors also wish to place on record their sincere appreciation of the contribution made by the employees of the Company and are thankful to the Shareholders for their continued patronage and support.

For and on behalf of the Board of Directors

R.K. AGARWAL
Managing Director

Place: Secunderabad
Date: 29th May, 2010

A.K. AGARWAL
Executive Director



ANNEXURE-I TO THE DIRECTORS' REPORT

Details as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, read with clause (e) of Subsection (1) of Section 217 of the Companies Act, 1956.

I. Conservation of Energy

The Company is making necessary efforts for conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

	2009-2010	2008-2009
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased Unit (Nos.)	6,04,29,675	5,51,83,904
Total amount (Rs.)	17,15,86,136	15,89,34,390
Rate / Unit (Rs.)	2.84	2.88
b. Own Generation		
i) Through Diesel Generator		
Unit (Nos.)	1,63,024	1,84,295
Unit per Ltr. Of Oil	2.93	2.05
Cost / Unit (Rs.)	12.80	16.76
ii) Through Steam Turbine / Generators	- NIL -	- NIL -
2. Coal	- NIL -	- NIL -
3. Furnace Oil	- NIL -	- NIL -
4. Other / Internal Generation	- NIL -	- NIL -
B. CONSUMPTION PER UNIT OF PRODUCTION (Kg.)		
Consumption per Kg. of Production	Current Year	Previous Year
Electricity (No. of Units)		
Yarn (kgs)	3.95	3.43
Fabric (Mtrs)	1.91	NA
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others	Nil	Nil

SURYAJYOTI SPINNING MILLS LIMITED



FORM - B

A. Form for disclosure of particulars with respect to Technology absorption, Research and Development (R&D)

1. Specific areas in which R & D carried out by the Company : The Company is having R&D in introduction and development of value added products.
2. Benefits derived as a result of the above R & D : New value added products were developed.
3. Future Plan of action : To further develop more value added products and improve the quality of the products.
4. Expenditure on R & D : Expenditure on in-house R&D has been shown under respective heads of expenditure in the profit and loss account as no separate account is maintained.

B. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology: The company had adopted Absorption, adaptation and innovation indigenous technology and innovated upon the same.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, substitution etc. : Product improvement, increase in yield and quality resulted increase in Turnover.
3. In case of imported technology (imported during the 5 years reckoned from the beginning of the financial year) following information may be furnished : No technology has been imported during the last 5 years.
 - (a) Technology imported : Nil
 - (b) Year of import : N.A.
 - (c) Has technology been fully absorbed : N.A.
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : N.A.

C. Foreign Exchange Earnings and Outgo :

- (a) Activities relating to exports, initiatives taken to increase Exports, development of new export markets for production and service, and export plans. : The information on foreign Exchange Earnings and out-go is furnished in Items 8, 9& 10 in Notes to accounts.

For and on behalf of the Board of Directors

R.K. AGARWAL
Managing Director

Place : Secunderabad
Date : 29th May, 2010

A.K. AGARWAL
Executive Director

SURYAJYOTI SPINNING MILLS LIMITED



ANNEXURE - II TO THE DIRECTORS' REPORT

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

Name	Age	Qualification	Date of Employment	Designation	Remuneration (Rs.)	Experience	Last employment
R.K.Agarwal	62 Years	B.Sc.	18.01.1992	Managing Director	38,95,440	38 Years	Joint Managing Director, Suryalakshmi Cotton Mills Limited
A.K.Agarwal	36 Years	B.Tech.	16.08.1996	Executive Director	25,84,440	14 Years	–

- Notes:**
1. Remuneration shown above includes Salary, Commission, Company's Contribution to Provident Fund and other perquisites.
 2. Nature of employment: Contractual.
 3. Sri R.K. Agarwal and A.K. Agarwal are related each other.

For and on behalf of the Board of Directors

R.K.AGARWAL
Managing Director

Place : Secunderabad
Date : 29th May, 2010

A.K.AGARWAL
Executive Director



MANAGEMENT DISCUSSION AND ANALYSIS

A. TEXTILE INDUSTRY

The Textile Industry occupies a vital place in the Indian economy and contributes 4 per cent to the country's Gross Domestic Product (GDP), 14 per cent in industrial production and 17 per cent in export earnings. It has a high weightage in the National production. It is the second largest industry providing employment after agriculture. It provides direct employment to over 35 million persons in the mill, powerloom and handloom sectors. The textile industry has achieved a good growth in last two decades in terms of installed spindles and yarn production. By February 2010, the installed spindles in India were increased to 4.19 crores which is 18 per cent of world's spindleage. India has rich resources of raw materials of textile industry. The Government has introduced encouraging Policies for the industry : rationalization of fiscal duties, subsidised interest on loans granted under Technology Upgradation Fund Scheme (TUFS). Rs.3140 crore have been allotted in Union Budget 2009-10 for this scheme. The Industry has attracted investment to the tune of Rs.2 lakh crore under TUF for capacity expansion and modernization, which has started paying yield. In May 2010, the Ministry of Textiles informed a parliamentary panel that it proposes to allocate US\$ 785.2 million for the modernisation of the textile industry.

In 2009, textile demand showed signs of gathering momentum and registered a nominal growth of 0.2% as against drop of 6% in 2008. Polyester demand for textile applications during 2009 increased 3.4%, stable fibre demand increased by 4% and filament increased by

4%. The textile demand for the next 5 years is expected to grow at more than 3% CAGR. As per CRISIL estimates, the domestic textile market is expected to grow at a CAGR of 6-7 between 2009-2014. Rising income levels and increased growth in rural, spending on textile products will translate into growth in domestic demand for textiles.

World economy has shown initial indications of recovery after a severe spell of recession. The world economy is expected to grow by 4.2% in 2010 and projected to maintain the growth momentum in the next 5 years. From the last quarter of the financial year 2009-10, there has been strong recovery in domestic as well as export demand for cotton yarn. It is evident from the increased textile manufacturing in the country in the form of increased spun yarn production. The total production of spun yarn has again picked up in the year 2009-10 and is currently projected at about 4200 mn kgs and expected to grow by about 8% to 4500 mn kgs in 2010-11. The domestic deliveries of spun yarn has also been growing consistently showing increased activities in the entire textile value chain.

We have a solid faith in the bright future of textile industry in India. The Company has already taken up forward integration plan by setting up weaving and fabric processing unit to build on economies of scales and develop capabilities to serve the global market.

The main objectives of the Eleventh Plan for Textile Industry are to build up world class state-of-the-art manufacturing capacities to attain and sustain predominant global standing in manufacture and export of textiles and clothing, facilitate Indian textile industry to grow at the rate of 16 per cent in value terms



to reach level of US\$ 115 billion (comprising of US\$ 55 billion of export and US\$ 60 billion of domestic market) and to attain the 7 per cent share in global textile trade by the terminal year of the Plan period.

MARKETING

India is a large supplier of cotton yarn in world market. Your Company is mainly in export of medium and fine combed cotton yarn, synthetic yarn, speciality fabric and it has been constantly focusing its efforts to cater to high end users. To meet the competition, the Company always tries to improve its quality of yarn. The Company exports are mainly spread over in Latin America, Europe and Far East. The Company maintains good relations with all its overseas customers, which have been dealing with the Company over the years, by adhering to quality standards, delivery schedules and competitive price. In addition, the company is also exploring new customers in domestic as well as international markets.

B. OPPORTUNITIES AND THREATS

The future of Indian Textile Industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton Seed, the cotton production in India is increasing every year and it is expected that the supply of quality cotton will be comfortable.

C. RISKS AND CONCERNS

Some of the key issues and concerns to the Textile Industry are:

- Highly fragmented industry: High competition and low profit margins;
- End of quota regime: Changing export dynamics and gains for India;

- Imbalanced product mix: Low competitiveness in man-made fibres;
- Labour advantage: Gradually diminishing;
- Rupee appreciation: Hurting exports.

The key raw material - Cotton is agriculture produce, which suffers from climatic volatility in the major cotton producing countries. In addition, growing demand as well as overall increase in prices of commodities in the world has pushed up the prices of domestic cotton leading to pressure on the textile industry.

One of the major challenges to the industry is the continued appreciation in the Indian rupee against US dollar, which has serious implication on textile exports. Being highly competitive industry, increase in the external value of rupee would cripple the competitiveness of the industry. Another important issue is availability, quality and the price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry.

The other serious development in the textile industry is the distinguished treatment for different sectors in Government Policy. The proposal to withdraw export incentives on cotton yarn exports can be seen in this respect. The integral approach is required for the growth of the industry in the country. While the country is surplus in cotton and it is anachronistic that we may discourage exports of cotton yarn while we remain committed to raw material i.e., cotton exports. We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements and improved customer services to dampen the growing cost pressure.

The Spinning units are highly capital intensive and have to maintain large raw material



inventory levels due to its seasonality. Your Company makes all efforts to have efficient inventory management and constant efforts are being made to monitor the inventory levels keeping in view of interest costs.

D. OPERATIONAL AND FINANCIAL PERFORMANCE

The Company is producing a wide range of yarns in cotton, polyester, viscose, polyester-viscose blends and value-added bottom weight fabric.

The Company has three yarn manufacturing facilities at Makthal, Burgul, and Rajapur, and a Weaving and Processing Unit at Kucherkal, all in the Mahabubnagar District of Andhra Pradesh. Each of the units is at a distance of less than 100 kilometers from one another, and also accessible from the corporate office in Hyderabad.

The Company's manufacturing capacities comprise 86,560 spindles and 20 million meters of speciality / value added bottom weight fabrics. Each of the production facilities is specialized in specific aspects of Suryajyoti's product portfolio. Makthal largely manufactures cotton yarn of medium to coarser counts and synthetic yarn, Burgul is completely dedicated to the production of synthetic and blended yarns, and Rajapur produces only cotton yarn of higher counts. For financial performance, the stakeholders are requested to refer to the Directors' Report.

E. NEW BUSINESS INITIATIVE

Given its existing strengths in the yarn-manufacturing business, Suryajyoti has moved up the value chain to manufacture bottom-weight fabrics. It has set-up India's first specialty bottom weight fabric weaving, dyeing and

finishing plant in technical collaboration with an Italian company, Pangea SRL. The collaboration would give Suryajyoti an avenue to provide high fashion/low costs options to some of the best-known designer brands in the world. State-of-the-art machinery from Europe like Preparatory from Beninger, Dyeing from Kusters and Finishing from Bruckner.

Pangea, headed by Mr. Pietro Valenti who has been running and operating a specialty bottom wear fabric plant in Italy for over three decades, has been servicing the requirements of many major global fashion labels including discerning high-fashion Italian and global brands like Dolce & Gabbana, Versace, Giorgio Armani, and Roberto Cavali, among others.

The fabric manufactured by Suryajyoti would be sold in India and overseas under a brand name - 'Pangea Fabrics'. The major customers in the domestic market would be the export houses who cater to the needs of U.S.A and EU markets in the bottom wear.

The project commenced its commercial production on 1st October 2009. At optimum capacity, Suryajyoti manufactures twenty million meters of bottom wear fabrics. The unit produces the bottom wear fabric having both special & normal finishes. The bottom weight fabric project is expected to have a reasonable payback period and result in improvement in margins and returns on an overall basis.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control system commensurate with the size and complexity of the organization. The internal control is supplemented by an extensive programme of internal audits,



reviewed by management. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

G. OUTLOOK

With the forward integration, your company is expanding the market base and diversifies its product range to build on economies of scales and develop capabilities to serve the global market. With the recent global recovery, there are good prospects for increase of exports of yarn and fabrics through out the world. The positive sign for the Industry is increase in demand in domestic and export market is expected to continue through out 2010-11.

H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Suryajyoti's HR policy has been based on the underlying values of fairness, merit, equal opportunity and social responsibility. The spinning Industry is highly labour oriented and the company follows best practices to attract, train and retain the resource pool. With utmost respect to human values, the company served its human resources with integrity, through a

variety of services by using appropriate training, motivation techniques and employee welfare activities. As a result, industrial relations are cordial and satisfactory.

80% of the workers employed by the Company reside in accommodation provided by the company close to production units. By providing fair employment conditions and an environment conducive to social development, the company has created strong relationships with its workforce to manage the attrition rate successfully. As on 31st March 2010, the Company has about 1100 permanent employees in its offices and units.

CAUTIONARY STATEMENT

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

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



REPORT ON CORPORATE GOVERNANCE

I. Brief Statement on Company's Philosophy on Code of Governance

The Company believes that good corporate governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's corporate governance philosophy has been further strengthened through the Code of conduct and the Code of Conduct for Prevention of Insider Trading.

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

2. BOARD OF DIRECTORS

a) Composition of the Board:

As on 31st March 2010, the Board consists of Six Directors. There are two whole-time Directors. The remaining four are non-executive and independent directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Name of the Director	Category
Sri R. K. Agarwal	Managing Director/Promoter
Dr. Akkineni Nageswara Rao	Non-Executive and Independent Director
Sri Sanjeev Mitla	Non-Executive and Independent Director
Sri K. Harishchandra Prasad	Non-Executive and Independent Director
Sri. Ankit Jain	Non-Executive and Independent Director
Sri A. K. Agarwal	Executive Director/Promoter

b) Number and dates of Board Meetings:

Six Board Meetings were held during the year ended 31st March 2010. These were on 26th May 2009, 27th June 2009, 29th July 2009, 17th September 2009, 31st October 2009 and 30th January 2010. The maximum time gap between any two Board meetings during the year was less than four months.

c) Directors' attendance record and directorships held:

The Attendance of Directors at the Board Meetings and at the previous Annual General Meeting and directorships held was as under.

SURYAJYOTI SPINNING MILLS LIMITED



Name of the Director	Number of Board Meetings attended during the year 2009-2010	Whether attended the last AGM	Number of other Directorships in Public Limited Companies incorporated in India	No. of Committee positions held in public companies	
				Chairman	Member
Sri R. K. Agarwal	6	YES	2	-	1
Dr. Akkineni Nageswara Rao	6	NO	3	1	1
Sri A. K. Agarwal	6	YES	1	-	1
Sri Sanjeev Mitla	2	YES	1	1	-
Sri. Ankit Jain	1	NO	2	-	1
Sri. K. Harishchandra Prasad	6	NO	9	1	2

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in clause 49, across all the companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public Companies as at March 31, 2010.

The details of shares held by directors as on 31-03-2010 are given below:

Name of the Director	Number of Shares
Sri R. K. Agarwal	1231086
Dr. Akkineni Nageswara Rao	1000
Sri Sanjeev Mitla	2500
Sri K. Harishchandra Prasad	2200
Sri. Ankit Jain	100
Sri A. K. Agarwal	1125600

3. AUDIT COMMITTEE

a) Brief description of terms of reference:

- i] Oversight of Company's financial reporting process and disclosure of financial information.
- ii] Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- iii] Review of financial statements before submission to Board.
- iv] Review of adequacy of internal control systems and internal audit functions.
- v] Review of Company's financial and risk management policies.

b) Composition, name of members and Chairman:

1. Sri Sanjeev Mitla - Chairman, Non-Executive & Independent
2. Dr. A. Nageswara Rao - Member, Non-Executive & Independent
3. Sri. Ankit Jain - Member, Non-Executive & Independent
4. Sri K. Harishchandra Prasad - Member, Non-Executive & Independent

SURYAJYOTI SPINNING MILLS LIMITED



c) Meetings and attendance during the year:

During the financial year March 31, 2010, four Audit Committee Meetings were held on 27th June 2009, 29th July 2009, 31st October 2009 and 30th January 2010.

Sl.No.	Name	No. of Meetings attended
1	Sri Sanjeev Mitla	2
2.	Dr. A. Nageswara Rao	4
3.	Sri. Ankit Jain	1
4.	Sri K. Harishchandra Prasad	4

4. REMUNERATION COMMITTEE

a) Brief description of terms of reference:

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the whole-time Directors.

b) Composition, Name of Members:

- i) Dr. Akkineni Nageswara Rao
- ii) Sri. K. Harishchandra Prasad
- iii) Sri. Sanjeev Mitla

c) Attendance during the year:

No meeting of Remuneration Committee was held during the financial year 2009-10.

d) Remuneration Policy:

To recommend/review the remuneration package, periodically to the Managing and Whole-time Directors. The remuneration policy is in consonance with the existing Industry Practice and also with the provisions of the Companies Act, 1956.

e) Details of remuneration paid during the year ended 31st March 2010 to the directors are furnished hereunder:

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri. R. K. Agarwal	Managing Director	24,00,000	14,95,440	-	38,95,440
Sri A. K. Agarwal	Executive Director	15,90,000	9,94,440	-	25,84,440
Dr. A. Nageswara Rao	Non-Executive Director	-	-	30,000	30,000
Sri Sanjeev Mitla	Non-Executive Director	-	-	8,000	8,000
Sri. Ankit Jain	Non-Executive Director	-	-	-	-
Sri. K. Harishchandra Prasad	Non-Executive Director	-	-	21,000	21,000



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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

- A Share Transfer and Shareholders' / Investors' Grievance Committee of Directors was constituted to specifically look into the matters of investors' grievances such as Transfer, transmission, split and consolidation of investors holding, Replacement of lost/mutilated/stolen share certificates, Dematerialization of shares, Non-receipt of dividends / notices / annual reports, change of addresses etc., The main object of the Committee is to strengthen the Investors' relations.
- During the year 2009-10, 9 meetings were held.
- The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 15. No request for transfer is pending as on 31.03.2010.
- The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the year 2009-10	
		Held	Attended
Dr. Akkineni Nageswara Rao, Chairman	Independent, Non- Executive	9	9
Sri. R. K. Agarwal, Member	Non- Independent, Executive	9	8
Sri. A. K. Agarwal, Member	Non- Independent, Executive	9	9

- Mrs. N. Madhavi, Company Secretary is the Compliance Officer of the Company.

6. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

AGM	Year	Location	Date	Time	No. of special resolutions passed
26th	2008-2009	Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	26.09.2009	11.30 A.M.	Nil
25th	2007-2008	Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	20.09.2008	11.30 A.M.	Two
24th	2006-2007	Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	28.09.2007	12.30 P.M.	One

For the year ended 31st March 2010, there have been no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.



7. DISCLOSURES

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large:

There are no materially significant related party transactions, which have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - Nil.
- c) Whistle Blower Policy: The Company has not established a whistle blower policy. We further affirm that during the year 2009-10, no person has been denied access to the audit committee meeting.
- d) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to clause 49 of the Listing Agreement with the Stock Exchanges:
- i) The Company has set up a Remuneration Committee. Please see the para on Remuneration Committee for details.
 - ii) Training of Board Members: The Company evolves a plan to train the Board members.
- e) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total Paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. MEANS OF COMMUNICATION

The Quarterly and Half-yearly Results are intimated to the shareholders through press. Quarterly results are normally published in Financial Express and Andhra Prabha.

There were no presentations made to the Institutional Investors or Analysts during the year 2009-2010. The Management Discussion and Analysis is forms part of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting:**

Date : 31st August 2010

Time : 11.30 a.m.

Venue : Registered Office, Burgul Village, Farooqnagar Mandal,
Mahabubnagar District, Pin - 509 202 A.P.

SURYAJYOTI SPINNING MILLS LIMITED



b) Financial Calendar (tentative):

Results for quarter ending 30th June 2010 : Second week of Aug, 2010
 Results for quarter ending 30th Sep, 2010 : Second week of Nov, 2010
 Results for quarter ending 31st Dec, 2010 : Second week of Feb, 2011
 Results for quarter /year ending 31st Mar, 2011 : Second week of May, 2011 (if Unaudited)
 or By Last week of May, 2011 (if Audited)

c) Dates of Book Closure:

28th August 2010 to 31st August 2010 (both days inclusive).

d) Dividend payment Date:

No dividend was recommended by the Board for the Year 2009-10.

e) Listing on Stock Exchanges:

The Company's Shares are listed on the following Stock Exchanges and the listing fees for the year 2010-11 has been paid:

Name of the Stock Exchange	Address	Code
The National Stock Exchange of India Limited	Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	SURYAJYOTI
The Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001	521022

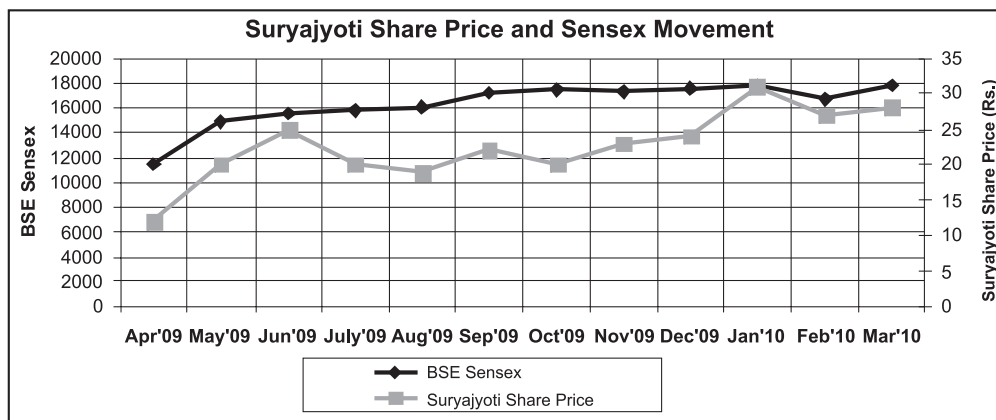
f) Stock Data:

Monthly High and Low prices of Suryajyoti Spinning Mills Limited at National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) for the year ended 31st March 2010 are furnished hereunder:

Month	NSE		BSE	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2009	12.00	9.00	12.30	9.49
May, 2009	20.40	10.10	19.92	10.36
June, 2009	25.35	17.05	25.20	17.25
July, 2009	19.45	15.00	19.85	14.60
August, 2009	19.35	14.75	19.30	14.65
September, 2009	22.05	17.65	21.85	18.00
October, 2009	20.00	16.50	20.25	16.40
November, 2009	22.70	15.15	22.80	15.25
December, 2009	24.80	19.00	24.00	19.30
January, 2010	31.05	22.00	30.85	22.30
February, 2010	27.30	22.50	27.00	22.05
March, 2010	28.20	21.15	28.20	21.35



Performance of share price of the Company in comparison to the BSE Sensex:



g) Registrar & Transfer Agents:

M/s. Sathguru Management Consultants Pvt. Ltd.,
Plot No.15, Hindi Nagar, Behind Sai baba Temple,
Punjagutta, Hyderabad - 500 034.
Phone No(s) - 040-23356507, 23356975, 23350586,
Fax No - 040-40040554

h) Share Transfer System:

The share transfers are processed and the share certificates are returned to the shareholders within 30 days, subject to the documents being complete in all respects.

i) Distribution of shareholding as on 31st March 2010:

Shareholding of Nominal value	Shareholders		Shares	
	Number	%	Amount in Rs.	%
1 - 5000	15690	94.59	22026580	13.65
5001 - 10000	472	2.85	3828460	2.37
10001 - 20000	186	1.12	2843330	1.76
20001 - 30000	76	0.46	1954560	1.21
30001 - 40000	34	0.20	1219810	0.76
40001 - 50000	28	0.17	1354430	0.84
50001 - 100000	32	0.19	2261550	1.40
100001 and above	70	0.42	125837830	78.00
TOTAL	16588	100.00	161326550	100.00



j] Shareholding Pattern as on 31st March 2010:

Category	No. of shares held	Percentage of shareholding
Promoters Holding	6315744	39.15
Foreign Institutional Investors	1036608	6.43
Corporate Bodies	2008129	12.45
Insurance Companies	637500	3.95
Indian Public	4812571	29.82
NRIs & Foreign National	1322103	8.20
TOTAL	16132655	100.00

k] Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation on both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 82.69% of the Company's share capital have been dematerialized as on 31.03.2010.

The Company's shares are regularly traded on The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE411C01017.

(i) Address of Registrars for Dematerialisation of Shares/transfer, change of address of members:

M/s. Sathguru Management Consultants Pvt. Ltd.,

Plot No.15, Hindi Nagar, Behind Saibaba Temple,
Punjagutta, Hyderabad - 500 034.
Phone No(s) - 040-23356507, 23356975, 23350586,
Fax No - 040-40040554

(ii) Any queries relating to Dividends, Annual Reports etc.

The Company Secretary,
Suryajyoti Spinning Mills Ltd.
Surya Towers, 7th Floor, 105,
Sardar Patel Road, Secunderabad - 500 003.
Ph: 040 - 27810086/27814265
E-mail: shares@suryajyoti.com

l] Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company did not have any outstanding GDRs/ADRs/Warrants. During the year 2006-07, the Company had raised USD 10 mn through issue of 10,000 Foreign Currency Convertible Bonds (FCCBs) of US\$ 1,000 each to part-finance the ongoing expansions, modernisation and new projects. The FCCBs got listed on the Singapore Exchange Securities Trading Ltd. The FCCBs will have a maturity of five years and one day i.e., due on February 17, 2012 and will be convertible into equity shares of the Company at an initial conversion price of Rs.85/- per share. The underlying equity shares on conversion will be listed on The Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd.



m] Plant Locations

Makthal

Narayanpet Road,
Makthal
Mahabubnagar District
Andhra Pradesh

Burgul Village,

Farooqnagar Mandal,
Mahabubnagar District.
Andhra Pradesh

Rajapur Village

Balanagar Mandal,
Mahabubnagar District.
Andhra Pradesh

Kucherkal Village

Balanagar Mandal,
Mahabubnagar District.
Andhra Pradesh

n) Address for correspondence:

The Company Secretary
Suryajyoti Spinning Mills Ltd.
Surya Towers, 7th Floor,
105, Sardar Patel Road,
Secunderabad - 500 003.
Ph: 040 - 27810086/27814265
Fax:040-27846837
E-mail: shares@suryajyoti.com

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and senior management personnel of the Company. The code is available on the company's website.

I hereby declare that all the board members and senior management personnel have affirmed compliance with the code of conduct adopted by the company and have submitted declarations in this behalf for the year ended 31st March 2010.

Place : Secunderabad
Date : 23rd May, 2010

R. K. Agarwal
Managing Director



AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To the members of
SURYAJYOTI SPINNING MILLS LIMITED,
SECUNDERABAD. A.P.

We have examined the compliance of conditions of Corporate Governance by SURYAJYOTI SPINNING MILLS LIMITED, Secunderabad, A.P for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

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

Place : Hyderabad
Date : 29th May, 2010

K. S. Rao
Partner
Membership No.15850



AUDITORS' REPORT

To
The Members of
SURYAJYOTI SPINNING MILLS LIMITED
SECUNDERABAD.

We have audited the attached Balance Sheet of SURYAJYOTI SPINNING MILLS LIMITED, SECUNDERABAD, (A.P) as at 31st March, 2010 and also the Profit and Loss Account and the Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows :

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- 2)
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;

- iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Regn. No. 000513S

Place : Hyderabad
Date : 29.05.2010

K.S. Rao
Partner
Membership No.15850



RE: SURYAJYOTI SPINNING MILLS LIMITED, SECUNDERABAD

Annexure referred to in paragraph I of our report of even date,

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
 - c) The Company has not disposed off Plant and Machinery hence, it has not affected the going concern status of the Company.
2.
 - a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a) During the year the company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of our comment in paragraph 3(a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services.
5.
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. Hence, the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of textiles and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9.
 - a) According to the records of the Company, the Company is regular in depositing with appropriate authorities



- undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
 11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi/mutual benefit fund / society and therefore the requirements relating to such companies are not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments.
 15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion, and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained.
 17. In our opinion, and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
 18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
 19. During the year, the Company has not issued any debentures and therefore the question of creating security in respect thereof does not arise.
 20. During the year, the Company has not raised any money by public issue.
 21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Regn. No. 000513S

Place : Hyderabad
Date : 29.05.2010

K.S. Rao
Partner
Membership No.15850

SURYAJYOTI SPINNING MILLS LIMITED



BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule Reference	As at 31.03.2010		As at 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	16,14,86,175		16,14,86,175	
Reserves & Surplus	2	54,75,33,578		51,09,58,010	
			70,90,19,753		67,24,44,185
Loan Funds					
Secured Loans	3	1,99,75,31,554		1,69,31,93,706	
Unsecured Loans	4	57,43,87,893	2,57,19,19,447	58,32,21,282	2,27,64,14,988
Deferred Tax Liability			8,77,38,015		7,86,45,726
TOTAL			3,36,86,77,215		3,02,75,04,899
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	3,36,76,17,046		1,74,11,80,763	
Less: Depreciation		63,69,25,574		52,14,49,659	
Net Block		2,73,06,91,472		1,21,97,31,104	
Add: Capital Works-in-Progress		–		1,21,41,67,942	
Add: Un allocated Capital Expenditure	6	–	2,73,06,91,472	12,56,58,099	2,55,95,57,145
Investments	7		20,81,500		2,31,500
Current Assets, Loans & Advances					
Inventories	8	49,20,77,355		24,09,41,897	
Sundry Debtors	9	27,10,45,048		26,74,98,313	
Cash & Bank Balances	10	1,93,72,030		10,54,93,773	
Loans & Advances	11	34,64,79,362		30,93,92,535	
		1,12,89,73,795		92,33,26,518	
Less: Current Liabilities & Provisions	12	49,30,69,552		45,56,10,264	
Net Current Assets			63,59,04,243		46,77,16,254
TOTAL			3,36,86,77,215		3,02,75,04,899
Notes on Accounts	21				
Accounting Policies	22				

The Schedules referred to above form an integral part of the Balance Sheet.

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants

For and on behalf of the Board

K S Rao
Partner

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 29.05.2010

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule Reference	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
INCOME			
Sales		2,69,53,89,589	2,09,52,75,946
Less Excise duty		56,654	43,777
Net Sales		2,69,53,32,935	2,09,52,32,169
Other Income	13	6,36,82,173	1,60,29,312
TOTAL		2,75,90,15,108	2,11,12,61,481
EXPENDITURE			
Raw Materials Consumed	14	1,47,02,94,614	1,28,04,62,066
Purchase of Traded goods		33,41,86,419	10,25,30,764
Processing / Conversion Charges		2,63,62,679	2,02,11,745
Stores Consumed	15	14,17,21,142	7,94,92,420
Power & Fuel		17,40,43,723	16,30,40,776
Payment & Benefits to Employees	16	14,73,28,003	11,31,00,568
Other Expenses	17	21,52,16,518	17,35,12,592
Finance Charges	18	14,58,17,944	9,09,69,691
Depreciation	5	11,66,49,400	8,09,88,729
Miscellaneous Expenses Written Off	19	–	12,50,210
(Increase) / Decrease in Stocks	20	(6,77,73,191)	(4,32,73,786)
TOTAL		2,70,38,47,251	2,06,22,85,775
Profit for the Year		5,51,67,857	4,89,75,706
Less: Provision for Income Tax : For the year		95,00,000	97,00,000
MAT Credit Entitlement		–	(38,35,000)
Fringe Benefit Tax		–	9,00,000
Deferred Tax Liability / (Assets)		90,92,289	1,21,58,175
Profit After Tax		3,65,75,568	3,00,52,531
Profit brought forward from last year		26,06,15,027	23,05,62,496
Balance Carried to Balance Sheet		29,71,90,595	26,06,15,027
Earning Per Share (Face Value: Rs.10/-) (See Note No.20)			
Basic & Diluted		2.26	2.04
Notes on Accounts	21		
Accounting Policies	22		

The Schedules referred to above form an integral part of the Profit & Loss Account.

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants

For and on behalf of the Board

K S Rao
Partner

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 29.05.2010

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
2,50,00,000 Equity shares of Rs 10/- each	25,00,00,000	25,00,00,000
Issued Capital:		
1,64,02,700 (Previous Year 1,64,02,700) Equity Shares of Rs 10/- each	16,40,27,000	16,40,27,000
Subscribed and paid-up:		
1,61,32,655 (Previous Year 1,61,32,655) Equity Shares of Rs 10/- each	16,13,26,550	16,13,26,550
Add :- Forfeited Shares (Amount Originally Paid Up)	1,59,625	1,59,625
TOTAL	16,14,86,175	16,14,86,175

SCHEDULE 2 RESERVES AND SURPLUS

	As at 01.04.2009 Rs.	Additions during the Year Rs.	Deductions during the Year Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Reserves & Surplus					
State Subsidy	15,00,000	-	-	15,00,000	15,00,000
Securities Premium	17,16,79,295	-	-	17,16,79,295	17,16,79,295
Capital Reserves	17,50,000	-	-	17,50,000	17,50,000
General Reserve	7,54,13,688	-	-	7,54,13,688	7,54,13,688
Surplus - Balance in Profit and Loss A/c	26,06,15,027	29,71,90,595	26,06,15,027	29,71,90,595	26,06,15,027
TOTAL	51,09,58,010	29,71,90,595	26,06,15,027	54,75,33,578	51,09,58,010

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
SCHEDULE 3		
SECURED LOANS		
A. TERM LOANS		
1) Rupee Term Loans from:		
a) Industrial Development Bank of India	19,53,32,000	10,52,81,120
b) Axis Bank Ltd.,	75,84,044	-
c) State Bank of India	76,84,98,628	85,03,48,880
d) State Bank of Hyderabad	27,60,79,661	25,96,15,566
e) Indian Overseas Bank	14,40,75,225	-
2) Foreign Currency Loans from:		
a) State Bank of India	-	16,89,758
3) Buyer's Credit from		
a) SBI Chicago	-	7,11,74,460
B. WORKING CAPITAL LOAN		
Cash Credit from		
a) State Bank of India	45,72,17,050	29,79,61,852
b) Axis Bank Ltd.,	-	4,17,48,612
c) Industrial Development Bank of India	14,36,05,089	5,81,23,751
C. VEHICLE HIRE PURCHASE LOANS		
	51,39,857	72,49,707
TOTAL	1,99,75,31,554	1,69,31,93,706

- NOTES:**
- The Loans referred in A above are secured by mortgage of present and future moveable and immovable assets of the company on pari-passu basis and guaranteed by two Directors of the Company. Term Loan referred in 1 c are further secured by extension of equitable mortgage of 15 acres of Land and Pledge of 5,00,000 Equity shares of Promotor Directors'.
 - Working Capital Loan referred in B above is secured by hypothecation of raw materials, yarn, fabric, stock-in-process, stores & spares and sundry debtors and by a second charge on present and future immovable properties of the company on pari-passu basis and further guaranteed by two Directors of the Company. The working capital loan referred in B a is further secured by extension of equitable mortgage of 15 acres of Land of Promotor Director's.
 - Hire purchase loans referred to in C above are secured by hypothecation of the respective assets and guaranteed by one of the Directors of the Company.

SCHEDULE 4 UNSECURED LOANS

Sales Tax Deferment	13,34,87,893	14,23,21,282
Foreign Currency Convertible Bonds	44,09,00,000	44,09,00,000
TOTAL	57,43,87,893	58,32,21,282



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1.4.2009 Rupees	Additions Rupees	Deductions Rupees	As at 31.03.2010 Rupees	Up to 1.4.2009 Rupees	For the Year Rupees	On Deductions Rupees	Up to 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees	
Land	3,18,45,757	30,79,880	-	3,49,25,637	-	-	-	-	3,49,25,637	3,18,45,757	
Buildings - Factory	16,58,47,925	16,47,73,231	-	33,06,21,156	3,11,22,172	82,83,494	-	3,94,05,666	29,12,15,490	13,47,25,753	
- Non Factory	14,37,39,850	9,28,60,640	-	23,66,00,490	1,18,53,857	29,75,230	-	1,48,29,087	22,17,71,403	13,18,85,993	
Plant & Machinery	1,23,44,66,268	1,25,48,27,554	-	2,48,92,93,822	41,31,62,226	9,40,90,011	-	50,72,52,237	1,98,20,41,585	82,13,04,042	
Diesel Generator Sets	2,38,34,940	7,28,126	-	2,45,63,066	2,36,00,241	69,032	-	2,36,69,273	8,93,793	2,34,699	
Causitic Soda Recovery Plant	-	1,41,61,931	-	1,41,61,931	-	3,35,425	-	3,35,425	1,38,26,506	-	
Laboratory Equipment	1,56,47,266	76,88,894	-	2,33,36,160	29,85,251	9,19,574	-	39,04,825	1,94,31,335	1,26,62,015	
Electrical Installations	7,63,41,945	4,57,57,548	-	12,20,99,493	2,12,67,407	47,11,536	-	2,59,78,943	9,61,20,550	5,50,74,538	
Data Processing Equipment	37,25,698	39,15,763	-	76,41,461	33,20,189	8,23,595	-	41,43,784	34,97,677	4,05,509	
Workshop Equipment	55,77,760	-	-	55,77,760	14,00,543	2,64,944	-	16,65,487	39,12,273	41,77,217	
Weighting Scales	9,68,724	8,94,723	-	18,63,447	4,19,280	66,558	-	4,85,838	13,77,609	5,49,444	
Water Works	35,38,161	9,61,879	-	45,00,040	5,76,780	1,86,391	-	7,63,171	37,36,869	29,61,381	
Effluent Treatment Plant	-	3,45,79,270	-	3,45,79,270	-	8,19,007	-	8,19,007	3,37,60,263	-	
Furniture & Fixtures	44,57,332	20,50,185	-	65,07,517	30,63,998	3,54,367	-	34,18,365	30,89,152	13,93,334	
Office Equipment	38,11,230	16,41,964	-	54,53,194	18,59,376	2,96,834	-	21,56,210	32,96,984	19,51,854	
Vehicles	2,73,77,907	14,09,937	-	2,58,92,602	68,18,339	24,53,402	-	80,98,256	1,77,94,346	2,05,59,568	
ADD: Capital Works-in-Progress	1,74,11,80,763	1,62,93,31,525	28,95,242	3,36,76,17,046	52,14,49,659	11,66,49,400	11,73,485	63,69,25,574	2,73,06,91,472	1,21,97,31,104	
	1,33,98,26,041	28,64,25,604	1,62,62,51,645	-	-	-	-	-	-	1,33,98,26,041	
	3,08,10,06,804	1,91,57,57,129	1,62,91,46,887	3,36,76,17,046	52,14,49,659	11,66,49,400	11,73,485	63,69,25,574	2,73,06,91,472	2,55,95,57,145	
Less :- Internal Transfers	-	1,62,62,51,645	1,62,62,51,645	-	-	-	-	-	-	-	
T O T A L	3,08,10,06,804	28,95,05,484	28,95,242	3,36,76,17,046	52,14,49,659	11,66,49,400	11,73,485	63,69,25,574	2,73,06,91,472	2,55,95,57,145	
Previous Year	1,97,82,51,584	1,11,03,02,024	75,46,804	3,08,10,06,804	44,30,26,847	8,09,88,729	25,65,917	52,14,49,659	2,55,95,57,145	1,53,52,24,737	

SURYAJYOTI SPINNING MILLS LIMITED



STATEMENT OF EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

Rupees

	UP TO 31.03.2009	FROM 01.04.2009 to 30.09.2009	TOTAL UP TO 30.09.2009
SCHEDULE 6			
Sales	3,46,35,840	15,65,07,266	19,11,43,106
Interest Earned	1,05,000	–	1,05,000
Job Work Charges	11,615	70,880	82,495
Miscellaneous Income	–	7,51,820	7,51,820
TOTAL - A	3,47,52,455	15,73,29,966	19,20,82,421
Raw Materials Consumed	2,13,00,181	12,01,43,099	14,14,43,280
Electricity Charges	1,37,93,278	1,50,72,604	2,88,65,882
Fuel Charges	33,98,021	3,40,934	37,38,955
Stores Consumed	4,62,16,643	5,99,99,282	10,62,15,925
Salaries & Wages	2,17,98,146	2,30,38,453	4,48,36,599
Welfare Expenses	20,45,061	11,08,970	31,54,031
Office Maintenance	6,42,534	2,46,727	8,89,261
Miscellaneous Expenses	9,70,048	1,45,919	11,15,967
Printing & Stationery	1,11,198	3,83,395	4,94,593
Rates & Taxes	10,11,667	14,46,352	24,58,019
Stamp Duty	2,00,000	–	2,00,000
Legal & Professional Charges	3,32,50,581	33,05,141	3,65,55,722
Rent	2,38,990	800	2,39,790
Staff Recruitment Expenses	11,83,203	3,75,172	15,58,375
Telephone & Truncalls	5,74,423	2,59,202	8,33,625
Vehicle Maintenance	984,559	5,69,149	15,53,708
Donations	27,038	3,048	30,086
Business Promotion	1,51,710	–	1,51,710
Postage	2,38,211	40,023	2,78,234
Insurance	3,81,165	1,16,613	4,97,778
Lease Rentals	1,69,002	–	1,69,002
Advertisement	2,50,000	4,000	2,54,000
Testing Charges	4,26,215	6,01,693	10,27,908
Forwarding Charges	5,01,551	6,85,951	11,87,502
Expenses On Export Sales	1,39,257	2,20,371	3,59,628
Trade Discount	–	6,05,787	6,05,787
Commission On Sales	–	5,32,256	5,32,256
Repairs To Machinery	–	11,23,348	11,23,348
Repairs To Building	–	14,800	14,800
Repairs To Other Assets	–	1,36,269	1,36,269
Paddy Husk Consumed	7,19,916	89,07,745	96,27,661
Travelling Expenses	58,72,313	25,86,174	84,58,487
Security Wages	17,06,079	1,86,774	18,92,853
Finance Charges	21,09,564	1,64,36,133	1,85,45,697
TOTAL - B	16,04,10,554	25,86,36,186	41,90,46,740
TOTAL - (A- B)	12,56,58,099	10,13,06,221	22,69,64,320
LESS :- ALLOCATED TO ASSETS			22,69,64,320
	12,56,58,099	10,13,06,221	–

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
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SCHEDULE 7

INVESTMENTS

(at cost-non-trade-unquoted)

	NO.OF SHARES	FACE VALUE (Rs)	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
National Savings Certificate			5,500	5,500
40 IDBI Flexi Bonds-14, of Rs.5000/- each			-	2,00,000
Regent Clothing (P) Ltd.,	2600	10	26,000	26,000
Pangea Fabrics India (P) Ltd.,	205000	10	20,50,000	-
TOTAL			20,81,500	2,31,500

SCHEDULE 8

INVENTORIES

(Valued and Certified by the Management/
at cost unless otherwise stated)

Rawmaterials	27,33,16,764	9,84,08,195
Stores & spares	4,37,70,176	3,53,16,478
Yarn	3,64,94,004	2,97,38,569
Fabric	6,57,70,030	1,58,06,180
Stock-in-process	7,24,03,762	6,12,00,419
Waste	3,22,619	4,72,056
TOTAL	49,20,77,355	24,09,41,897

SCHEDULE 9

SUNDRY DEBTORS

(Unsecured Considered good)

Due over six months	1,10,75,909	1,08,04,641
Others	25,99,69,139	25,66,93,672
TOTAL	27,10,45,048	26,74,98,313

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on Hand	16,57,116	13,96,749
With Scheduled Banks in Current Accounts	1,02,44,953	4,20,58,337
Margin Money Deposits with Banks (Pledged with the bank towards L.C's)	74,69,961	6,20,38,687
TOTAL	1,93,72,030	10,54,93,773
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured considered good, recoverable in cash or in kind or for value to be received)		
Loans to Bodies Corporate	10,00,000	10,00,000
Advances for : Capital Works	90,21,376	1,91,78,696
: Rawmaterials and Stores	6,76,17,833	6,92,40,209
: Others	1,85,86,500	1,34,86,885
Staff Advances	25,72,281	32,95,737
Modvat benefit entitlement	2,10,62,879	2,46,20,562
Deposits / Other recoverable	4,72,18,050	4,41,09,785
Prepaid Expenses	35,62,417	38,33,042
Export Incentives Receivable	4,54,61,497	1,76,60,528
Accrued Interest	24,93,905	23,98,736
Claims Receivable	5,09,29,816	4,51,65,035
Advance Income Tax	6,01,63,879	4,96,70,334
Advance Fringe Benefit Tax	33,13,366	22,57,299
MAT Credit Entitlement	38,35,000	38,35,000
Terminal Excise Duty Recble-EPCG	96,40,563	96,40,687
TOTAL	34,64,79,362	30,93,92,535

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
A. Current liabilities:		
Creditors for rawmaterials and Stores/ Capital goods		
- Due to Micro,Small and Medium Enterprises	15,62,782	8,58,973
- Others	26,49,42,910	26,75,01,921
Creditors for Expenses	4,97,11,789	4,56,82,286
Other Creditors	5,54,36,214	6,92,95,525
Advances Recieved Against Sales	5,49,98,659	1,45,59,699
Interest Accrued but not due	17,54,219	24,84,309
Unclaimed Dividends *	25,47,979	26,12,551
TOTAL (A)	43,09,54,552	40,29,95,264
B. Provisions For :		
Income Tax	5,93,15,000	4,98,15,000
Fringe Benefit Tax	28,00,000	28,00,000
TOTAL (B)	6,21,15,000	5,26,15,000
TOTAL (A+B)	49,30,69,552	45,56,10,264

*There is no Amount due and Outstanding to be credited to Investors Education & Protection Fund.

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
SCHEDULE 13		
OTHER INCOME		
Interest earned (TDS Rs.5,34,802/- Previous Year Rs.12,66,303/-)	43,77,188	1,33,53,873
Miscellaneous Income	7,01,033	24,79,251
Scrap Sales	-	1,25,680
Processing Charges Received	92,905	-
Profit on Sale of Raw Material	69,391	70,508
Exchange Variance	5,84,41,656	-
TOTAL	6,36,82,173	1,60,29,312
SCHEDULE 14		
RAW MATERIALS CONSUMED		
Openig Stocks	9,84,08,195	16,75,63,391
Add: Purchases	1,64,60,64,200	1,21,82,87,313
	1,74,44,72,395	1,38,58,50,704
Less : Closing Stocks	27,33,16,764	98408195
: Cost of Raw Materials Sold	8,61,017	6980443
TOTAL	1,47,02,94,614	1,28,04,62,066
SCHEDULE 15		
STORES CONSUMED		
Consumable Stores	5,13,85,232	4,19,86,976
Dyes & Chemicals	3,77,14,464	-
Coating and Pigments	7,77,875	-
Husk	1,34,49,728	-
Packing Material	3,83,93,843	3,75,05,444
TOTAL	14,17,21,142	7,94,92,420
SCHEDULE 16		
PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries & Wages	12,64,14,275	9,51,72,150
Welfare expenses	87,33,646	73,41,366
Contribution to ESI and PF	66,41,599	57,71,296
Gratuity	15,82,835	4,82,851
Bonus	39,55,648	43,32,905
TOTAL	14,73,28,003	11,31,00,568

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
SCHEDULE 17		
OTHER EXPENSES		
Office Rent	8,08,800	5,08,800
Security Service Charges	18,42,026	12,04,164
Rates & Taxes	23,30,27,668	2,96,56,691
Printing and Stationery	23,16,102	17,50,747
Postage Telegrams & Telephones	47,05,471	27,72,951
Travelling & Conveyance	97,70,405	41,39,287
Commission on sales	3,31,42,525	2,66,39,364
Expenses on sales	7,14,17,495	6,47,53,537
Managerial Remuneration	64,79,880	57,80,300
Directors sitting fees	59,000	78,000
Insurance	27,43,362	43,34,087
Advertisement	1,31,599	96,415
Auditors remuneration	1,81,443	1,48,390
Cost Auditors Fee	19,854	27,575
Legal & Professional Charges	15,08,493	11,37,652
Repairs to -Buildings	2,00,773	5,02,582
-Machinery	22,50,887	41,46,042
-Other Assets	17,47,891	16,15,193
Vehicle Maintenance	35,81,521	30,79,146
Miscellaneous Expenses	76,95,682	66,70,020
Donations	1,01,705	34,826
Loss on Sale of Vehicles	3,71,757	7,18,820
Loss on Derivatives	3,98,68,000	-
Exchange Variance	12,44,179	1,37,18,003
TOTAL	21,52,16,518	17,35,12,592
SCHEDULE 18		
FINANCE CHARGES		
Interest on Term Loans	6,77,14,523	3,75,17,615
Interest on Others	7,81,03,421	5,34,52,076
	14,58,17,944	9,09,69,691

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
SCHEDULE 19		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Deferred Revenue Expenditure	–	12,50,210
Add :- Additions	–	–
	–	12,50,210
Less: Written Off	–	12,50,210
TOTAL	–	–
SCHEDULE 20		
A) Opening Stocks:		
Yarn	2,97,38,569	3,92,76,497
Fabric	1,58,06,180	–
Waste	4,72,056	5,93,986
Stock-in-process	6,12,00,419	2,40,72,955
	<u>10,72,17,224</u>	<u>6,39,43,438</u>
B) Closing Stocks:		
Yarn	3,64,94,004	2,97,38,569
Fabric	6,57,70,030	1,58,06,180
Waste	3,22,619	4,72,056
Stock-in-process	7,24,03,762	6,12,00,419
	<u>17,49,90,415</u>	<u>10,72,17,224</u>
C) (Increase)/Decrease in Stocks (A-B)	<u>(6,77,73,191)</u>	<u>(4,32,73,786)</u>

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21

Notes forming part of the Balance Sheet as at 31st March, 2010 and Profit & Loss account for the year ended on that date

	2009-2010	2008-2009
	Rs.	Rs.
1. A) Contingent Liabilities not provided for in respect of		
a) Letters of Credit	90,56,804	3,64,00,000
b) APSEB Liability under dispute	12,78,141	12,78,141
B) Estimated amount of contracts remaining to be Executed on Capital Account and not provided for	-	66,60,000
2. A) Due to Micro, Small and Enterprises :- Outstanding dues to Micro, small and Medium Enterprises for a period exceeding 30 days	NIL	NIL
3. Additional Information:		
a) Licenced/Registered Capacity		
i) No. of Spindles	90,776	90,776
ii) Weaving & Processing	20 Mn Mtrs	20 Mn Mtrs
b) Installed Capacity		
i) No. of Spindles	86,560	86,560
ii) Weaving & Processing	20 Mn Mtrs	-
(The Figures for installed capacity have been certified by the Management and not verified by auditors being a technical matter)		
4. Yarn Division :-		
a) Production & Sales		
i) Production of Yarn	Kgs.	Rs.
a) Own	1,69,74,565	1,61,02,811
b) Others	7,00,880	7,10,121
ii) Sales		
Yarn (Net of Discounts)	1,69,37,310	1,99,37,31,326
Samples,Waste, Process Loss etc.	3,007	-
Waste	24,38,135	6,97,83,148
Export Incentives	9,40,36,453	5,82,79,378
Total	<u>2,15,75,50,927</u>	<u>1,98,20,68,890</u>
iii) Captive Consumption		
Yarn	7,20,387	3,52,555
Waste	-	81,468
Process Stock	-	21,082

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

	2009-2010		2008-2009	
	Kgs.	Rs.	Kgs.	Rs.
b) Particulars of Traded Goods :				
Yarn :-				
Opening Stock	—	—	9,562	10,83,903
Purchases	8,24,187	8,38,24,442	8,70,537	13,07,81,253
Sale	8,04,532	8,51,46,249	8,79,126	11,32,07,056
Closing Stock	19,656	27,06,062	—	—
Process Loss	—	—	973	—
Raw Cotton :-				
Opening Stock	—	—	—	—
Purchases	40,21,242	25,03,61,977	—	—
Sales	40,21,242	25,13,24,536	—	—
Closing Stock	—	—	—	—
c) Opening & Closing Stocks				
Yarn				
i) Opening Stocks				
Yarn	2,93,240		3,91,529	
Waste	61,233		82,200	
Total	3,54,473		4,73,729	
ii) Closing Stocks				
Yarn	3,07,981		2,93,240	
Waste	50,797		61,233	
Total	3,58,778		3,54,473	
d) Stocks of Raw Materials				
Yarn				
i) Opening Stocks				
a) Cotton	3,27,399		22,45,850	
b) Polyester Staple Fibre	8,09,198		4,00,847	
c) Viscose Staple Fibre	1,79,397		1,45,712	
d) Cylinder Fly	29,650		38,409	
Total	13,45,644		28,30,818	
ii) Purchase				
a) Cotton	1,03,04,331	69,93,01,780	66,84,884	42,60,44,124
b) Polyester Staple Fibre	1,06,15,807	69,73,34,643	1,03,77,073	67,43,56,770
c) Viscose Staple Fibre	11,42,178	12,76,31,477	8,63,375	9,15,43,965
d) Cylinder Fly	—	—	2,94,530	1,25,00,360
Total	2,20,62,316	1,52,42,67,900	1,82,19,862	1,20,44,45,219
iii) Closing Stocks				
a) Cotton	24,99,107		3,27,399	
b) Polyester Staple Fibre	5,03,984		8,09,198	
c) Viscose Staple Fibre	91,994		1,79,397	
d) Cylinder Fly	29,650		29,650	
Total	31,24,735		13,45,644	

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

	2009-2010		2008-2009	
	Kgs.	Rs.	Kgs.	Rs.
e) Raw Materials Consumed				
a) Cotton	81,32,623	53,00,47,585	86,03,335	53,14,26,547
b) Polyester Staple Fibre	1,09,21,021	70,79,33,200	99,30,591	65,01,73,430
c) Viscose Staple Fibre	12,20,548	13,34,07,589	7,91,185	8,61,20,718
d) Cylinder Fly	–	–	3,03,289	1,27,41,371
Total	2,02,74,192	1,37,13,88,374	1,96,28,400	1,28,04,62,066
f) Cost of rawmaterial sold				
a) Cotton	–	–	–	–
b) Polyester Staple Fibre	–	–	38,131	28,13,068
c) Viscose Staple Fibre	9,033	8,61,017	38,505	41,67,375
Total	9,033	8,61,017	76,636	69,80,443
Yarn - Percentage of Raw Materials Consumed				
Indigenous	99.51%	1,36,47,35,758	95.83%	1,22,70,29,919
Imported	0.49%	66,52,616	4.17%	5,34,32,147
Total	100%	1,37,13,88,374	100%	1,28,04,62,066
5. Fabric Division :-				
a) Production & Sales				
i) Production of Fabric	Mtrs	Rs.	Mtrs	Rs.
a) Production	50,02,021		–	
Trail Run Production	(24,49,288)		–	
ii) Sales				
a) Sales				
Fabric (Net of Discounts)	24,46,909	19,96,54,887	–	–
Samples & Process Loss	9,857	–	–	–
Fabric Waste	45,808	9,09,516	–	–
Other Waste	93,326	74,996	–	–
Export Incentives		7,28,478	–	–
Total		20,13,67,877		
b) Trail Run Sales				
Trail Run Fabric				
(Net of Discounts)	19,29,865	15,53,19,232	–	–
Trail Run Waste	36,134	11,88,034	–	–
Samples & Process Loss	29,054	–	–	–
Total		15,65,07,266		

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

	2009-2010		2008-2009	
	Kgs.	Rs.	Kgs.	Rs.
b) Opening & Closing Stocks				
Fabric				
i) Opening Stocks				
Fabric - Mtrs	2,34,172		–	
Waste - Mtrs	–		–	
Total	<u>2,34,172</u>		–	
ii) Closing Stocks				
Fabric - Mtrs	7,38,566		2,34,172	
Waste - Mtrs	–		–	
Total	<u>7,38,566</u>		<u>2,34,172</u>	
c) Stocks of Raw Materials				
Fabric				
i) Opening Stocks				
a) Yarn - Kgs	1,14,440		–	
b) Grey Fabric - Mtrs	18,000		–	
Total	<u>1,32,440</u>		–	
ii) Purchase				
a) Yarn - Kgs	7,56,709	9,95,12,955	–	–
b) Grey Fabric - Mtrs	24,67,165	14,24,26,445	–	–
Total	<u>32,23,874</u>	<u>24,19,39,400</u>	–	–
iii) Closing Stocks				
a) Yarn - Kgs	1,01,736		1,14,440	
b) Grey Fabric - Mtrs	3,19,375		18,000	
Total	<u>4,21,111</u>		<u>1,32,440</u>	
d) Raw Materials Consumed				
a) i) Yarn - Kgs	3,32,669	4,10,08,273	–	–
ii) Grey Fabric - Mtrs	10,73,964	5,78,97,967	–	–
Total	<u>14,06,633</u>	<u>9,89,06,240</u>	–	–
b) i) Yarn - Trail Run - Kgs	4,36,744	5,18,70,149	–	–
ii) Fabric - Trail Run - Mtrs	10,91,826	6,82,72,951	–	–
Total	<u>15,28,570</u>	<u>12,01,43,100</u>	–	–
Fabric - Percentage of Raw Materials Consumed				
Indigenous	100.00%	9,89,06,240	–	–
Total	<u>100%</u>	<u>9,89,06,240</u>	–	–

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

	2009-2010		2008-2009	
	Kgs.	Rs.	Kgs.	Rs.
6. Percentage of Spare Parts & Components Consumed				
Indigenous	86.26%	9,08,58,012	97.68%	4,10,11,142
Imported	13.74%	1,44,69,287	2.32%	9,75,834
	100%	10,53,27,299	100%	4,19,86,976
7. Auditors Remuneration				
Audit Fee		88,240		88,240
Tax Audit Fee		30,332		27,575
Certification Fee		62,871		32,575
Total		1,81,443		1,48,390
8. Value of Imports (CIF BASIS)				
a) Rawmaterials		50,92,646		5,30,10,861
b) Yarn		2,01,60,000		-
c) Stores & Spares		1,67,47,557		43,39,896
d) Plant & Machinery		3,74,46,282		1,99,43,309
9. Expenditure in Foreign Currency during the year on Account of				
a) Commission on Exports		1,77,07,564		1,64,78,482
b) Foreign Travel		15,77,675		16,49,768
c) Interest Payments		1,06,50,215		1,13,03,051
d) Repayment of Loans		16,89,758		60,89,682
e) Consultancy Services		-		47,66,742
10. Earnings in Foreign Exchange				
FOB Value of Exports		1,11,92,44,318		78,79,60,467
11. Managerial Remuneration				
a) Managing Director				
i) Salary		24,00,000		22,00,000
ii) Perquisites				
H.R.A		12,00,000		11,00,000
Subscription to Clubs		7,440		15,150
iii) Contribution to Provident Fund		2,88,000		2,64,000
Total (A)		38,95,440		35,79,150
b) Executive Director				
i) Salary		15,90,000		13,50,000
ii) Perquisites				
H.R.A		7,95,000		6,75,000
Subscription to Clubs		12,240		14,150
iii) Contribution to Provident Fund		1,87,200		1,62,000
Total (B)		25,84,440		22,01,150
GRAND TOTAL (A+B)		64,79,880		57,80,300

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

	2009-2010 Rs.	2008-2009 Rs
12. Computation of profit in accordance with Section 349 of the Companies Act, 1956		
Profit for the year before taxation as per Profit & Loss Account	5,51,67,857	4,89,75,706
Add :- Managerial remuneration	64,79,880	57,51,000
Director's Sitting Fee	59,000	78,000
Loss on Sale of Assets	3,71,757	7,18,820
Net Profit in accordance with Section 349 of the Companies Act, 1956	6,20,78,494	5,55,23,526
Maximum Remuneration to Wholetime Directors	62,07,849	55,52,353
Commission to Managing Director & Executive Director (@ 1% each on Net Profit)	-	-
Restricted to 50% Salary (To Managing Director & Executive Director)	-	-
Note: Due to inadequacy of Profits during the year, Minimum Remuneration paid to the Directors.		

13. The company had availed interest free Sales Tax Deferment Loan from Government of Andhra Pradesh on Makthal unit, Burgul Original and availing on Burgul Expansion Scheme. The Sales Tax Deferment loan shown under Unsecured Loans under Schedule 4 indicates sales tax collected under deferral scheme and is payable at the end of 10th year in respect of Makthal and Burgul original and is payable at the end of 14th year in respect of Burgul expansion.



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

Interest free Sales tax loan from Andhra Pradesh State Government amounting to Rs.13,34,87,893/- is repayable as under :

Rs.

Year of Payment	Makthal - Original	Burgul - Original	Burgul - Expansion	TOTAL
2010-2011	45,27,356	1,08,90,427		1,54,17,783
2011-2012		1,02,29,769		1,02,29,769
2012-2013		1,01,74,244		1,01,74,244
2013-2014		3,34,419	7,48,800	10,83,219
2014-2015		5,07,754	58,79,204	63,86,958
2015-2016			69,58,963	69,58,963
2016-2017			1,20,51,714	1,20,51,714
2017-2018			1,15,65,642	1,15,65,642
2018-2019			1,37,09,694	1,37,09,694
2020-2021			1,60,44,139	1,60,44,139
2021-2022			2,04,29,874	2,04,29,874
2022-2023			74,86,981	74,86,981
2023-2024			11,77,893	11,77,893
2024-2025			7,71,020	7,71,020
TOTAL	45,27,356	3,21,36,613	9,68,23,924	13,34,87,893

14. Derivatives : Outstanding as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31st March 2010	2009	
Principal only swap	USD	-	9.602 Mn.	Cost reduction

During the year all derivative contracts were matured. The amount of Rs.398.68 Lakhs towards Loss incurred on derivative contracts shown under Other expenses - Schedule -17.

15. a) During the year 2006-07 the Company has issued 2% coupon Foreign Currency Convertible Bonds for an amount of USD 10 Million at par. These Bonds are convertible into equity shares with a fixed rate of exchange of Rs.44.09 per 1 USD at initial conversion price of Rs.85/- per share at the option of the bond holders at any time on or after 16th February, 2007 and on or before January 17, 2012 which is 30 calendar days prior to the maturity date. The Company has also an option to force each bondholder, after 2 years, if the stock price for 30 consecutive days is above 150% of conversion price to convert up to USD 1 Million of their holdings into shares in every six months period. If no conversion takes place the bonds are redeemable on 17th February, 2012, at their accreted principal amount calculated from the issue date (being a price equal to 140.48% of the outstanding principal of the bonds) giving a yield to maturity of 8.5% per annum.
- b) The proceeds of the above issue have been utilized towards issue expenditure, modernization and expansion of existing units and new units taken up at Rajapur and Kucherkal units.
- c) As the variables are indeterminate at present, the premium on actual redemption is not computable and will be recognized, as and when the redemption option is exercised, as a charge to the Securities Premium Account in terms of Section 78(2)(d) of the Companies Act, 1956.

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
16. The following is the details of Deferred Tax Liability :-		
DEFERRED TAXATION		
Deferred Tax Liabilities		
Depreciation	12,64,54,385	8,01,78,284
Deferred Revenue Expenses	-	-
	<u>12,64,54,385</u>	<u>8,01,78,284</u>
Deferred Tax Assets		
Unabsorbed Depreciation	3,57,28,397	-
Benefits to Employees	29,87,973	15,32,558
Others	-	-
	<u>3,87,16,370</u>	<u>15,32,558</u>
Deferred Tax Liability	8,77,38,015	7,86,45,726
17. Segment information for the year ended 31.03.2010		
1. SEGMENT REVENUE		
Spinning	2,49,39,65,058	-
Fabric	20,13,67,877	-
TOTAL	<u>2,69,53,32,935</u>	<u>-</u>
2. SEGMENT RESULTS		
Spinning	19,20,61,036	-
Fabric	89,24,765	-
TOTAL	<u>20,09,85,801</u>	<u>-</u>
3. INTEREST	14,58,17,944	-
4. PROFIT/(LOSS) BEFORE TAX	5,51,67,857	-
5. OTHER INFORMATION		
1) SEGMENT ASSETS		
Spinning	1,98,62,68,966	-
Fabric	1,87,54,77,804	-
TOTAL	<u>3,86,17,46,770</u>	<u>-</u>
2) SEGMENT LIABILITIES		
Spinning	38,59,78,887	-
Fabric	10,70,90,664	-
TOTAL	<u>49,30,69,551</u>	<u>-</u>
3) CAPITAL EXPENDITURE		
Spinning	18,28,74,523	-
Fabric	10,66,30,961	-
TOTAL	<u>28,95,05,484</u>	<u>-</u>

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
4) DEPRECIATION		
Spinning	8,17,13,448	-
Fabric	3,49,35,952	-
TOTAL	<u>11,66,49,400</u>	<u>-</u>
5) NON CASH EXPENDITURE OTHER THAN DEPRECIATION		
Spinning	-	-
Fabric	-	-
TOTAL	<u>-</u>	<u>-</u>

18. Employees Benefits: Gratuity

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

PARTICULARS	As on 31.03.2010	As on 31.03.2009
Profit & Loss Account		
Current Service Cost	7,10,009	47,339
Interest Cost on benefit obligation	3,15,677	3,02,969
Expected return on plan assets	NIL	NIL
Net Actuarial (gain) Loss recognized in the year	5,57,149	1,32,543
Past services cost	NIL	NIL
Net Benefit Expenses	15,82,835	4,82,851
Actual return on plan assets		
Balance Sheet		
Details of Provision for Gratuity		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	39,45,972	37,87,116
Interest cost	3,15,677	3,02,969
Current services cost	7,10,009	47,339
Benefits paid	(4,89,468)	(3,23,995)
Actuarial (gains) / Losses on obligation	5,57,149	1,32,543
Closing defined benefit obligation	50,39,339	39,45,972
Assumptions		
Salary Rise	4%	4%
Discount rate	8%	8%



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 21 (Contd.)

19. Related party disclosure

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below

Name of the Party	Relationship	Nature of Transaction	Current Year (Rs.)	Previous Year (Rs.)
R.K. Agarwal, M.D.	Key Management	Payable	11,06,752	3,05,100
A.K. Agarwal, E.D.	Key Management	Payable	3,72,248	9,483
Smt Neha Agarwal	Spouse of E.D.	Salary	5,04,000	4,48,000
Smt Umabhai Agarwal	Spouse of M.D.	Rent	3,00,000	–
Pangea Fabrics India Private Limited	Associate	Contribution to Equity	20,50,000	–

20. i) Basic & Diluted Earning per Share as per Accounting Standard No.20

	Current Year (Rs.)	Previous Year (Rs.)
Profit after Tax	3,65,75,568	3,00,52,531
Weighted average No. of Equity Shares	1,61,48,618	1,47,60,135
Basic & Diluted Earnings per Share	2.26	2.04

21. In the opinion of the Board, the current assets and loans and advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.
22. The company has set up a new unit at Kucherkal Village, Mahabubnagar District, A.P to manufacture/ process 20 MN Mtr fabric per annum. The unit processed fabric with special finishes like Leather, Velvet etc., to cater to the niche markets in the world. To achieve the quality of product to be accepted by domestic and international markets, the company has made various alternative processes of manufacturing by using various dyes, chemicals, enzymes etc. The company has then made test runs on the various processes using different combination of dyes, chemicals, enzymes etc. The expenditure incurred(net of revenue) in these test runs and experimental production from April 2009 to September 2009 amounting to Rs.10,13,06,221/- is capitalized to Fixed Assets as trail run expenses.
23. As per the notification 30, Dt.09-07-2004 issued by government of India, the Company has opted for exempted route in respect of excise duty on Yarn. Hence the company neither collected nor paid the duty on its products and also not availed any CENVAT credit on purchase of raw materials.
24. Paise have been rounded off to nearest rupee.
25. Previous Year's Figures have been regrouped wherever necessary.
26. Additional information on pursuant to provisions of Part IV of the companies Act,1956 is furnished in Annexure - 'A'.



Schedule - 22

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The Financial statements are prepared based on historical cost convention and in accordance with generally accepted accounting principles.

2. Fixed Assets:

Fixed Assets are stated at cost net of depreciation provided in the statements. Costs of acquisition of fixed assets is inclusive of all direct and indirect expenditure upto the date of commercial use.

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

3. Inventories:

Inventories are valued at the lower of cost and net realisable value. The cost of Rawmaterials are computed by using weighted average method. Stores & Spares are computed by using FIFO method.

4. Derivative Transactions :

The company uses derivative financial instruments such principal only swaps for the purpose of cost reduction. In case of loss the transactions having protection are taken as contingent liability and where protection is knocked out has been written off to profit & loss account.

5. Investments:

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

6. Contingent Liabilities:

Liability in respect of contingent nature are mentioned by way of note to accounts and will be paid / provided on crystallisation.

7. Employee Benefits :

As per AS 15 Employee benefits - the disclosure of employee benefits as defined in the Accounting Standard are given Below :

Company's contribution to PF determined under relevant statute and charged to Revenue. The gratuity contribution has been made on the basis of actuarial valuation determined under projected unit credit method. Liability for Leave encashment is provided for on the basis of the Accrued leaves at the close of the year.

8. Sales:

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

9. Foreign Exchange Transactions:

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. The monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date or at the rates of exchange fixed under contractual arrangements. Foreign currency assets and liabilities are stated at the rate of exchange prevailing at the year end and resultant gains / losses are recognised in the Profit & Loss account

SURYAJYOTI SPINNING MILLS LIMITED



10. Accounting for Income Tax :

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

11. Lease Rentals :

Lease rentals in respect of leased equipment is being charged to the Profit & Loss account.

Signatories to Schedules I to 22

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants

For and on behalf of the Board

K S Rao
Partner

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 29.05.2010

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	2009 - 2010 Rs.	2008-2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation and Extraordinary Items	5,51,67,857	4,89,75,706
Adjustment for:		
Depreciation	11,66,49,400	8,09,88,729
Finance Charges	14,58,17,944	9,09,69,691
Interest Income	(43,77,188)	(1,33,53,873)
Miscellaneous expenses written off	-	12,50,210
(Profit) / Loss on sale of Fixed Assets (Net)	3,71,757	7,18,820
Operating Profit Before Working Capital Changes	31,36,29,770	20,95,49,283
Adjusted for :		
Inventories	(25,11,35,458)	1,29,35,310
Sundry Debtors	(35,46,735)	1,23,77,387
Loans and Advances	(5,76,42,523)	(4,01,36,199)
Sundry Creditors	(4,52,66,152)	4,76,34,066
Cash Generated From Operations	(4,39,61,098)	24,23,59,847
Direct taxes paid (net of refunds)	1,04,93,545	1,08,21,913
Net Cash From Operating Activities (A)	(3,34,67,553)	25,31,81,760
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,53,28,062)	(82,28,04,233)
Proceeds from Sale of Equipment	13,50,000	42,62,067
Interest received	42,82,019	1,19,89,932
(Purchase) / Sale of Investments (NET)	(18,50,000)	5,00,000
Net Cash Used in Investing Activities (B)	(20,15,46,043)	(80,60,52,234)

SURYAJYOTI SPINNING MILLS LIMITED



PARTICULARS	2009 - 2010 Rs.	2008-2009 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Share Capital & Premium	–	7,62,10,000
Proceeds from Long Term Borrowings	35,73,26,448	41,46,32,020
Proceeds from Bank Borrowings	20,29,87,924	12,61,25,957
Repayment of Long Term Borrowings	(18,26,92,214)	(10,48,99,035)
Buyer Credit from SBI Chikago	(7,11,74,460)	–
Hire purchase Loans taken	12,00,780	81,58,885
Hire purchase Loans paid	(33,10,630)	(41,27,694)
(Increase) / Decrease in General Reserve	–	(3,33,76,000)
Increase / (Decrease) in unsecured loans	(88,33,389)	4,97,02,385
Interest paid	(14,65,48,034)	(8,85,38,252)
Equity Dividends paid (including Tax on Dividend)	(64,572)	(94,31,174)
Net Cash From Financing Activities (C)	14,88,91,853	43,44,57,092
D. NET INCREASE/ (DECREASE) IN CASH AND (A)+(B)+(C)	(8,61,21,743)	(11,84,13,381)
CASH EQUIVALENTS		
Closing Balance of Cash and Cash Equivalents	1,93,72,030	10,54,93,773
Opening Balance of Cash and Cash Equivalents	10,54,93,773	22,39,07,154

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants

For and on behalf of the Board

K S Rao
Partner

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 29.05.2010

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



Annexure - A Forming part of Schedule - 21

Information pursuant to part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31ST MARCH, 2010

I. Registration Details

Registration No. : 3961 State Code : 01
Balance Sheet Date : 31st March, 2010

II. Capital raised during the year

	Rs.in 000's		Rs.in 000's
Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL
		Preferential Allotment	: NIL

III. Position of Mobilisation and Deployment of Funds

	Rs.in 000's		Rs.in 000's
Total Liabilities	: 3368677	Total Assets	: 3368677

Sources of Funds

Paid up Capital	: 161486	Reserves & Surplus	: 547534
Secured Loans	: 1997532	Unsecured Loans	: 574388
Share Warrant Application	: NIL	Deferred Tax Liability	: 87738

Application of Funds:

Net Fixed Assets	: 2730691	Investments	: 2082
Net Current Assets	: 635904	Misc.Expenditure	: NIL
Accumulated Losses	: NIL		

IV. Performance of Company

Turnover & other income	: 2695333	Total Expenditure	: 2703847
Profit before Tax	: 55168	Profit after Tax	: 36576
Earning per Share in Rs.	: 2.26	Dividend rate	: NIL

V. General Names of Three Principal Products/Services of Company

(as per monetary terms)

Product Description:

i) Cotton Yarn	Item Code No: 520300
ii) P V Yarn	550990
iii) 100% Polyester Yarn	550510
iv) Fabric	5209

For and on behalf of the Board

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 29.05.2010

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary



SURYAJYOTI SPINNING MILLS LIMITED

Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District. A.P.
Corporate Office: 7th Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad - 500 003.

ATTENDANCE SLIP

27th Annual General Meeting, 31st August, 2010 at 11.30 A.M.

Regd. Folio No.	
No. of Shares held	

* DP ID:	
* Client ID:	

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

I hereby record my presence at **27th Annual General Meeting** of the Company at Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District, A.P.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

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

* Applicable for investors holding shares in electronic form.



SURYAJYOTI SPINNING MILLS LIMITED

Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District. A.P.
Corporate Office: 7th Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad - 500 003.

PROXY FORM

Regd. Folio No. _____

* DP ID:	
* Client ID:	

I/We Resident of being a member/ members of SURYAJYOTI SPINNING MILLS LIMITED hereby appoint Sri/Smt. of or failing him/her Sri/Smt. of as my/our proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held at Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District, A.P., on Tuesday, the 31st August 2010 at 11.30 A.M. and at any adjournment thereof.

As witness my/our hand(s) this day of 2010.

Signed by the said

Affix
Re. 1/-
Revenue
Stamp

NOTE: The Proxy Form must be deposited at the Registered Office/Corporate Office of the Company, not less than 48 hours before the time for holding the meeting.

* Applicable for investors holding shares in Electronic Form.