

ANNUAL REPORT
2010 - 2011



Weaving a new path to progress...



SURYAJYOTI SPINNING MILLS LIMITED



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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.

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.

Auditors

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

Bankers

State Bank of India

Industrial Finance Branch
Hyderabad.

IDBI Bank Ltd.,

Chapel Road,
Hyderabad.

Indian Overseas Bank

Parklane,
Secunderabad.



NOTICE

Notice is hereby given that the 28th 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 27th day of September 2011 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 2011 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 Dr. Akkineni Nageswara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Ankit Jain, 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 the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, subject to applicable approvals as may be necessary to this regard, pursuant to the approval of Remuneration Committee and the Board of Directors at their respective meetings, the consent of the Company be and is hereby accorded to re-appoint Shri. Arun Kumar Agarwal as Executive Director of the Company for a period of five years with effect from 16th August 2011 on the following terms and conditions:

- 1) Salary p.m. : In the slab of Rs.2,00,000 - 50,000 - 4,00,000
- 2) Commission : at the rate of 1% of the Net Profit of the Company in each financial year.

- 3) Perquisites : In addition to the salary and commission as stated above Sri Arun Kumar Agarwal shall be entitled to the following perquisites:

CATEGORY A

- i) Housing:
Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water etc., or HRA to the extent of 50% of the salary.
- ii) Medical Reimbursement and hospitalization:
Expenses incurred for self and the family.
- iii) Leave Travel Concession:
For self and family once in a year incurred in accordance with Rules of the Company.
- iv) Club Fees:
Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- v) Personal Accident Insurance:
Payment of premium for personal accident insurance cover.

CATEGORY B

- i) Contributions by the Company to Provident Fund and Superannuation Fund or Annuity Funds as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY C

- i) The Company shall provide a car with driver and a telephone at the residence.
- ii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iii) Such other benefits or payments in accordance with the schemes and rules applicable to all employees of the Company from time to time.

SURYAJYOTI SPINNING MILLS LIMITED



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

"RESOLVED FURTHER THAT this resolution may also be treated as notice/requisite abstract under Section 302 of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Section 314 (1B) and all other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby

accorded to revise the remuneration payable to Mrs. Neha Agarwal, relative of Shri. Ravinder Kumar Agarwal, Managing Director and Shri. Arun Kumar Agarwal, Executive Director of the Company, to hold office as the General Manager (Commercial) of the Company w.e.f. 1st October 2011 and fix a salary slab of Rs.1,00,000 - 20,000 - 2,40,000 p.m. with an increase of Rs.20,000/- per annum, subject to a limit mentioned in Section 314(1B) of the Companies Act, 1956 from time to time."

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

N. Madhavi

AGM (Legal) & Company Secretary

Place : Secunderabad

Date : 12th August, 2011

NOTES

1. The Register of Members and Share Transfer books of the Company will remain closed from 24th September, 2011 to 27th September, 2011 (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 items 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

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

On the recommendations of Remuneration Committee, the Board of Directors at their meeting held on 12th August 2011 has approved the re-appointment of Shri Arun Kumar Agarwal as Executive Director of the Company for a further period of 5 years w.e.f. 16th August 2011 with a remuneration of Rs.2,00,000 - 50,000 - 4,00,000 p.m. along with other perquisites, subject to the members approval. Shri Arun Kumar Agarwal has been working as Executive Director of the Company for the last 15 years and was mainly responsible for day-to-day operations and marketing activities of the Company. The Company has achieved tremendous progress under his endowed management. He has taken up various expansion and modernization schemes and completed successfully. In view of his valuable contributions to the Company, the Board has reappointed him as Executive Director on the terms mentioned in the resolution.

Name of the Companies in which he is a Director:

- a) Suryaajyoti Infotech Limited, Director
- b) Pangea Fabrics India (P) Limited, Director

Sri. Arun Kumar Agarwal is holding 19,55,600 shares in the Company as on March 31, 2011.

The appointment and payment of remuneration to Sri. Arun Kumar Agarwal requires the approval of members by way of special resolution.

The proposed re-appointment of Sri. Arun Kumar Agarwal has been approved by the Remuneration Committee at its meeting held on 12th August 2011.

The Board recommends the resolution for the approval of the Members.

Sri. Arun Kumar Agarwal himself and Sri. Ravinder Kumar Agarwal, Managing Director being a relative of Sri. Arun Kumar Agarwal is concerned or interested in this resolution.

None of the other Directors are interested or concerned in the above resolution.

Item No. 6

In the shareholders meeting held on 30th September 2005, Mrs. Neha Agarwal, a relative of Shri. Ravinder Kumar Agarwal, Managing Director and Shri. Arun Kumar Agarwal, Executive Director of the Company, has been accorded permission to draw a remuneration in the slab of Rs.25,000 - 5,000 - 45,000 per month for the last 5 years, she is handling responsibilities of sourcing the materials required for the Company at Competitive rates. In addition, she is also taking care of Public Relations activities of the Company. Considering the contributions made by her to the Company, the Company has entrusted the additional responsibilities of Investor Relations, Corporate Social Responsibility and Image building. Hence it is proposed to re-designate her as General Manager (Commercial) and revise her salary as mentioned in the resolution.

Approval of the shareholders in terms of Section 314(1B) is required and hence this resolution.

The Board recommends passing of the proposed resolution.

Shri. Ravinder Kumar Agarwal, and Shri. Arun Kumar Agarwal who are relatives of Mrs. Neha Agarwal are deemed to be interested in the resolution.

None of the other Directors of the Company, is in any way, concerned / interested in the Resolution.

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

Place : Secunderabad
Date : 12th August, 2011

N. Madhavi
AGM (Legal) & Company Secretary



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

Dr. AKKINENI NAGESWARA RAO

Dr. Akkineni Nageswara Rao aged about 87 years, is one of the most well known Cine Artistes in the Country having acted in more than 250 Films and has been recipient of several prestigious National Awards including Dada Saheb Phalke Award. 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. Suryavanshi Spinning Mills Limited - Director
2. Suryalakshmi Cotton Mills Limited - Director
3. Prasad Media Corporation Limited - Director
4. Annapurna Studios Private Limited - Chairman

Dr.Akkineni Nageswara Rao is holding 1,000 shares in the Company as on March 31, 2011.

SRI ANKIT JAIN

Sri. Ankit Jain, aged about 38 years, is a commerce graduate and having experience of about 14 years in textile business.

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

1. Diamond Expofab Limited - Director
2. Mark Agro Private Limited - Director
3. Diamond Capital Services Limited - Director
4. Mathur Construction Private Limited - Director
5. Nistha Fashions Private Limited - Director
6. Lokesh Polymers Private Limited - Director
7. Novelty Developers Private Limited - Director
8. K. D. Electronics Overseas Private Limited - Director

Sri Ankit Jain is holding 100 shares in the Company as on March 31, 2011.

SURYAJYOTI SPINNING MILLS LIMITED



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 28th Annual Report together with the audited accounts for the financial year ended 31st March 2011.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	As at	As at
	31-03-2011	31-03-2010
a) Gross Sales	39428.41	26953.90
b) Net Sales	39425.60	26953.33
c) Profit before Depreciation and taxes	4117.57	1718.17
d) Less: Depreciation	1884.26	1166.49
e) Profit Before Tax	2233.31	551.68
f) Provision for Tax	475.00	95.00
g) Deferred Tax Liability	175.32	90.92
h) Profit after taxes	1582.99	365.76
i) Add: Balance brought forward from last year	2971.91	2606.15
j) Add: MAT Credit Entitlement	538.86	—
k) Balance carried to Balance Sheet	5093.76	2971.91

OPERATIONS

Production:

Your Company had produced during the year 16,795 MTs of yarn as against 16,975 MTs in 2009-10. During the year, the Company produced 82 lakh meters of Fabric as against 25.52 lakhs meters from October, 2009 to March, 2010.

Sales:

Your Company achieved a turnover of Rs. 39428 lakhs compared to Rs. 26953 lakhs for the year 2009-10 representing an increase of around 46%. Your Company had earned a net profit after tax of Rs. 1583 lakhs during the year 2010-11, when compared with

a net profit after tax of Rs.366 lakhs during the year 2009-10 resulting an increase of 333%.

Changes in Share Capital

The Authorized Share Capital of the Company was increased to Rs.35 crores from Rs.25 crores. The new Capital of the Company is divided into 2,50,00,000 Equity Shares of Rs 10/- each aggregating to Rs. 25,00,00,000 and 10,00,000 Preference Shares of Rs.100/- each aggregating to Rs.10,00,00,000.

During the year, the Company has converted Foreign Currency Convertible Bonds (FCCBs) of USD 500,000 into 5,23,509 Equity shares of Rs.10/- each at a premium of Rs.32.11 per share. The Company has also allotted 18,30,000 Equity shares of Rs.10/- each at a premium of Rs.21 per share to the Promoters on conversion of equal number of warrants. 5,64,250 Preference Shares of Rs.100/- each were also allotted to the Promoters.

Dividend:

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

Capital Expenditure:

During the year under review your Company had incurred capital expenditure of Rs. 530 lakhs.

Exports:

Your Company has achieved exports amounting to Rs. 15,503 lakhs, produced within its own plant. Out of this, yarn valued Rs. 492 lakhs was exported through third parties. Including yarn procured from outside, your company has achieved export turnover of Rs.17,863 lakhs when compared with the turnover of Rs. 11,889 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, Dr. Akkineni Nageswara Rao and Sri Ankit Jain would retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board of Directors recommends their re-appointment.

SURYAJYOTI SPINNING MILLS LIMITED



Brief profiles of Dr. Akkineni Nageswara Rao and Sri Ankit Jain, 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 2011, 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 2011 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 the divisions of the Company for 2011-12.

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:

There are no employees in the Company, particulars of whom are required to be furnished under Section 217(2A) of the Companies Act, 1956. 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, 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

A.K. AGARWAL
Executive Director

Place: Secunderabad
Date: 30th May, 2011



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

	2010-2011	2009-2010
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased Unit (Nos.)	6,66,78,209	6,04,29,675
Total amount (Rs.)	21,90,03,344	17,15,86,136
Rate / Unit (Rs.)	3.28	2.84
b. Own Generation		
i) Through Diesel Generator		
Unit (Nos.)	99,967	1,63,024
Unit per Ltr. Of Oil	2.95	2.93
Cost / Unit (Rs.)	21.43	12.80
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)	3.30	3.95
Fabric (Mtrs)	1.35	1.91
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 an 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

A.K. AGARWAL
Executive Director

Place : Secunderabad
Date : 30th May, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

A. TEXTILE INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile Industry occupies a vital place in the Indian economy in terms of Industrial Production, Employment and Foreign Exchange earnings. It contributes 4% to the country's Gross Domestic Product (GDP), 14% in industrial production and 17% in export earnings. It has a high weight-age in the National production. It is the second largest industry providing employment after agriculture. It provides direct employment to over 38 million persons in the mill, powerloom and handloom sectors. In addition, the industry helps to develop many related ancillary industries which generates further employment. The textile industry has achieved a good growth in last two decades in terms of installed spindles and yarn production. India's installed spindles were expanded to 44.32 million as on December 2010, accounting to 20% of world's spindleage. Three fourths of the production in the spinning industry is from the private sector and the balance from the Co-operative/Public sector units.

Due to global recession and economic slow down leading to a sharp fall in consumer demand for textile products, the Indian Textile Industry also faced a tough period during 2007-2009. In addition, unprecedented hike in minimum support price of cotton and massive exports of raw cotton resulted in substantial higher cotton prices. However, the markets became buoyant during 2010-11 on account of strong export and domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers. Although

currently there is a temporary slowdown in demand both in the domestic and international markets, the overall sentiments are positive and optimistic for the sustained growth in demand. Another favourable factor is that in the coming cotton season, Indian cotton crop is expected to be higher and prices are forecasted to be relatively lower than the current levels. The cumulative impact of all these favourable factors gives indication for the equitable working of textile industry.

Cotton & Yarn:

Cotton prices were buoyed by strong global fundamentals, with US Department of Agriculture (USDA) reports forecasting a 6% y/y reduction in end season stocks to 41.5 million bales (of 480 lbs). This compares with 43.9 million bales (mb) in 2009-10 and 60.5 mb in 2008-09.

Although global cotton demand dipped by around 1.3% y/y in 2010-11, import demand from China rose by 37% y/y over the same period. Both developments were mainly due to supply constraints and global price rationing following a 8% decline in China's cotton output. China traditionally accounts for 30% of global cotton production. Extremely tight global end-season stocks underpinned prices; the stocks-to-use ratio at 35% will be the tightest since the 1993-94 season.

In 2010-11, the cotton crop in China and Pakistan was damaged by bad weather and the global production fell. This led to an increase in cotton prices. The boom in prices was also fuelled by speculative trading in commodities which increased prices beyond fundamentals.

India had exported 8.5 million bales of cotton in 2009-10. In September 2010, the Government of India announced a cap of 5.5



million bales of cotton for exports, around 18% of the estimated production of 31.5 million bales (of 375 lbs) in the current cotton season 2010-11. This led to lesser availability of cotton for trade and with high import demand from China, international prices rose during the month. Prices in India also increased. The Cotlook A index rose by 133% from \$1 per pound in September 2010 to about \$2.33 per pound in March 2011 due to limited availability for exports on the back of restrictions by India coupled with robust demand from China and traditional importing countries. Indian Shankar 6 rose in tandem from Rs.37,000 per candy in September 2010 to Rs.60,000 per candy in March, 2011.

In line with cotton prices, cotton yarn prices also continued to remain high. This increase was in fact more than the increase in cotton prices due to pent up demand in the system where the pipeline of yarn stocks was at very low levels and also due to increased demand from a recovering global economy. Cotton yarn prices touched a high of \$6.50 per kg. To look at this in perspective, the average of the last 20 years was around \$3 per kg, with \$4.5 per kg being the previous all time high in cotton yarn prices. These prices have since corrected and touched around \$4.50 - \$5.00 in the middle of May 2011.

In order to curtail the rise in cotton yarn prices, the Indian Government had imposed a limit of 720 million kgs on cotton yarn to be exported in FY 2010-11. Due to the increased prices in this year, the estimated cultivation area is 111.61 lac hectare which is higher than 8.25% of 2009-10. It has been estimated that the next year crop will be around 350 lac bales approximately.

Technology Upgradation Fund Scheme (TUFS):

TUFS had been suspended temporarily by the government in June 2010. The Scheme has now been re-instated with a few changes; (i) Capital subsidy will now be available on looms for weaving as well. (ii) a 5% interest reimbursement may be given to the spinning units (against 4% earlier) if the unit is set up with matching downstream capacity in weaving / processing. (iii) A cap of Rs.1,982 crores have been put on the total subsidy which will be given for the next one year. This has been allocated between various sectors. The sunset clause of the scheme remains unchanged at March 31, 2012. All loans sanctioned till that date will be eligible for subsidy for the life of the loan.

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's 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 prices. 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, the cotton production in India is increasing every year and it is expected that the supply of quality cotton will be comfortable in the coming season 2011-12.

C. RISKS AND CONCERNS

One of the major challenges to the industry is related to raw material prices mainly cotton prices which has seen very steep hike in 2010-11 and the same is still volatile creating uncertainties for textile manufacturers. The other important challenge is rising energy prices which could adversely impact the profitability of textile mills.

The third main issue for the textile industry is the non-availability of skilled manpower coupled with high labour cost prevailing in the country. Uncertainty in the Government export policy is other key challenge for the textile industry under which the Government banned cotton yarn exports last year which lead to high inventory cost and losses to the Indian textiles manufacturers and there is a fear of withdrawal of duty draw back benefits etc. to the exporters.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, imparting training to the workforce on the continued basis and improved customer services to mitigate the growing cost pressure.

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. 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.

F. 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. The Company continues to be an important player in the field of cotton yarn in medium and fine count segment. There are good prospects for increasing exports of cotton



yarn to Latin American Countries, attracting additional export incentives namely Focus Market Scheme (FMS). The Company is making all efforts to explore new markets apart from current markets.

The year 2010-11 has witnessed significant increase in demand both in domestic and export market though the first quarter of the current year is showing declining demand trend, which appears to be temporary and outlook for the Indian Spinning industry seems to be promising.

G. 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 2011, the Company has about 1200 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 Corporate 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 2011, 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:

Eight Board Meetings were held during the year ended 31st March 2011. These were on 3rd May 2010, 29th May 2010, 31st July 2010, 7th August 2010, 20th October 2010, 31st January 2011, 9th February 2011 and 17th March 2011. 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 2010-2011	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	8	YES	2	–	1
Dr. Akkineni Nageswara Rao	8	NO	3	1	1
Sri A. K. Agarwal	6	YES	1	–	1
Sri Sanjeev Mitla	3	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, 2011.

The details of shares held by directors as on 31-03-2011 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	1955600

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



c) Meetings and attendance during the year:

During the financial year March 31, 2011, four Audit Committee Meetings were held on 29th May 2010, 7th August 2010, 20th October 2010 and 31st January 2011.

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	3

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 2010-11.

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 2011 to the directors are furnished hereunder:

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri. R. K. Agarwal	Managing Director	36,00,000	14,94,320	–	50,94,320
Sri A. K. Agarwal	Executive Director	27,43,800	11,35,948	–	38,79,748
Dr. A. Nageswara Rao	Non-Executive Director	–	–	30,500	30,500
Sri Sanjeev Mitla	Non-Executive Director	–	–	10,500	10,500
Sri. Ankit Jain	Non- Executive Director	–	–	–	–
Sri. K. Harishchandra Prasad	Non-Executive Director	–	–	24,000	24,000



The Company does not have any stock option plan or performance linked incentive for the Whole-time 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

- The Committee oversees the performance of Sathguru Management Consultants (P) Ltd., the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the powers to approve share transfer/transmission are delegated to the Executive Director & Company Secretary, all the share transfer/transmission cases approved by the said officials are reported to the Committee which also keeps a close watch on disposal status of all complaints/grievances of shareholders.
- During the year 2010-11, 4 meetings were held.
- The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 27. No request for transfer is pending as on 31.03.2011.
- 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 2010-11	
		Held	Attended
Dr. Akkineni Nageswara Rao, Chairman	Independent, Non- Executive	4	4
Sri. R. K. Agarwal, Member	Non- Independent, Executive	4	4
Sri. A. K. Agarwal, Member	Non- Independent, Executive	4	4

- 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
27th	2009-2010	Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	31.08.2010	11.30 A.M.	One
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

For the year ended 31st March 2011, 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 2010-11, no person has been denied access to the audit committee.
- 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 Prajasakti.

There were no presentations made to the Institutional Investors or Analysts during the year 2010-2011. The Management Discussion and Analysis Report is forms part of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting:**

Date : 27th September, 2011

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) for financial year 2011-12:

1st Quarterly Results	:	On or before 14th August, 2011
2nd Quarterly Results	:	On or before 14th November, 2011
3rd Quarterly Results	:	On or before 14th February, 2012
Annual Audited Results	:	On or before 30th May, 2012

c) Dates of Book Closure:

24th September, 2011 to 27th September, 2011 (both days inclusive)

d) Dividend payment Date:

No dividend was recommended by the Board for the Year 2010-11.

e) Listing on Stock Exchanges:

The Company's Shares are listed on the following Stock Exchanges and the Listing fees for the year 2011-12 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

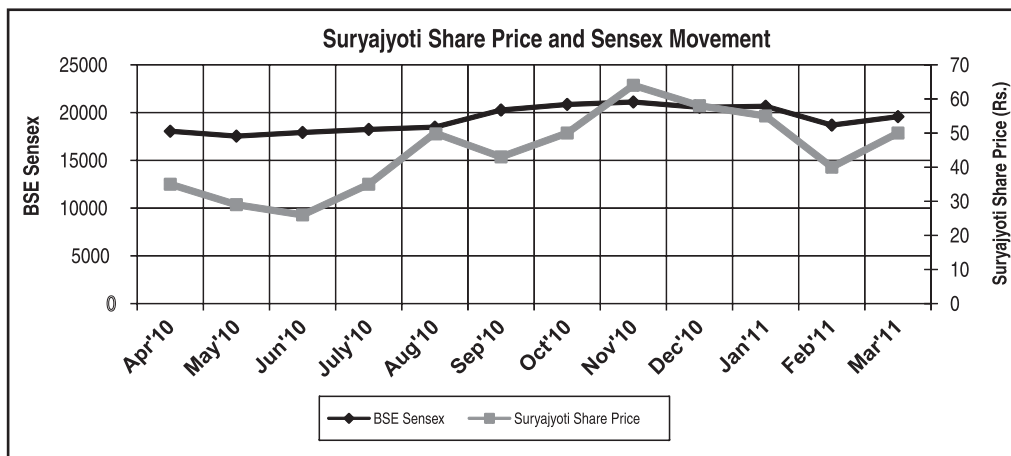
f) Stock Data:

Monthly High and Low prices of Suryajyoti Spinning Mills Limited at National Stock Exchange (NSE) and the Bombay Stock Exchange Ltd. (BSE) for the year ended 31st March 2011 are furnished hereunder:

Month	NSE		BSE	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2010	34.25	22.25	34.70	23.15
May, 2010	28.45	21.85	28.95	21.60
June, 2010	28.40	22.25	26.10	22.20
July, 2010	33.00	23.50	34.85	24.25
August, 2010	50.10	29.50	49.50	29.30
September, 2010	43.80	35.50	42.95	34.30
October, 2010	50.30	37.10	50.20	38.25
November, 2010	64.60	44.50	64.40	44.30
December, 2010	57.50	38.20	57.50	38.00
January, 2011	55.00	36.00	54.70	35.80
February, 2011	39.70	31.35	40.40	31.70
March, 2011	50.30	32.70	50.25	33.30



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,
Punjabgutta, Hyderabad - 500 034.
Phone No(s) - 30160333, 30160225, 30160230
Fax No. 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 2011:

Shareholding of Nominal value	Shareholders		Shares	
	Number	%	Amount in Rs.	%
1 - 5000	17480	92.23	25219440	13.64
5001 - 10000	779	4.11	6392890	3.46
10001 - 20000	320	1.69	5005260	2.71
20001 - 30000	112	0.59	2857890	1.55
30001 - 40000	57	0.30	2071680	1.12
40001 - 50000	49	0.26	2351140	1.27
50001 - 100000	68	0.36	4860210	2.63
100001 and above	87	0.46	136103130	73.62
TOTAL	18952	100.00	184861640	100.00



j] Shareholding Pattern as on 31st March 2011:

Category	No. of shares held	Percentage of shareholding
Promoters Holdings	7264129	39.29
Foreign Institutional Investors	1036608	5.61
Corporate Bodies	1660148	8.98
Insurance Companies	637500	3.45
Indian Public	5863611	31.72
NRIs & Foreign National	2024168	10.95
TOTAL	18486164	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 85.18% of the Company's share capital have been dematerialized as on 31.03.2011

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) - 30160333, 30160225, 30160230
 Fax No - 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



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

The Company had issued 10,000 Foreign Currency Convertible Bonds (FCCBs) of US\$ 1,000 each in 2006-07, maturity date being February 17, 2012. Out of this, during the year, 7,000 FCCBs of worth US\$ 7,000,000 were bought back by the Company (i.e., on 29th June 2010), with the approval of Reserve Bank of India, and 500 FCCBs were converted into 5,23,509 Equity shares of Rs.10/- each at a premium of Rs.32.11 per share. The said shares were listed on The Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd. 2,500 FCCBs were outstanding as on 31/03/2011.

Pursuant to the resolution passed by the Shareholders at their 27th Annual General Meeting held on 31st August 2010, 30,00,000 equity warrants were allotted to the Promoters. Out of which, 18,30,000 warrants were converted into 18,30,000 equity shares, during the year. Listing of said shares is in process on both the Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd.

11,70,000 warrants were outstanding as on 31/03/2011.

m] Plant Locations

Makthal

Narayanpet Road,
Makthal
Mahabubnagar District
Andhra Pradesh

Rajapur Village

Balanagar Mandal,
Mahabubnagar District.
Andhra Pradesh

Burgul Village,

Farooqnagar 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: madhavi@suryajyoti.com

SURYAJYOTI SPINNING MILLS LIMITED



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 2011.

Place : Secunderabad
Date : 30th May, 2011

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 2011, 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 : 30th May 2011

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, 2011 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 the 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.
2. Further to our comments in the Annexure referred to above, we report that :
 - 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, 2011 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - 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

K.S. Rao
Partner

Place : Hyderabad
Date : 30th May, 2011 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 parities 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.

SURYAJYOTI SPINNING MILLS LIMITED



- 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, 2011 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, the dues of sales tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows :

S. No.	Nature of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
1	Andhra Pradesh General Sales Tax (APGST) Act, 1957 (Case filed by Bharat Petroleum Corporation Limited)	Sales Tax dues	12,70,773	1997-1998	1 Addl.Chief Judge, City Civil Court, Secunderabad

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 converted 18,30,000 share warrants allotted to promoters in 2010-11 into 18,30,000 Equity Shares @ Rs.10/- each at a premium of Rs.21/- per share and the Company has converted Foreign Currency Convertible Bonds of USD 5,00,000 into 5,23,509 Equity Shares of Rs.10/- each at premium of Rs.32.11 per share.
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

K.S. Rao
Partner

Place : Hyderabad
Date : 30th May, 2011 Membership No.15850

SURYAJYOTI SPINNING MILLS LIMITED



BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule Reference	As at 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	24,14,46,265		16,14,86,175	
Share Application Money		3,46,47,000		—	
Reserves and Surplus	2	81,49,59,057		54,75,33,578	
			109,10,52,322		70,90,19,753
Loan Funds					
Secured Loans	3	264,95,33,625		199,75,31,554	
Unsecured Loans	4	26,80,99,068	291,76,32,693	57,43,87,893	257,19,19,447
Deferred Tax Liability			10,52,70,316		8,77,38,015
TOTAL			411,39,55,331		336,86,77,215
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	342,06,53,933		336,76,17,046	
Less: Depreciation		82,53,51,208		63,69,25,574	
Net Block		259,53,02,725	259,53,02,725	273,06,91,472	273,06,91,472
Investments	7		5,20,81,500		20,81,500
Current Assets, Loans & Advances					
Inventories	8	88,62,10,581		49,20,77,355	
Sundry Debtors	9	49,72,55,041		27,10,45,048	
Cash & Bank Balances	10	8,90,76,751		1,93,72,030	
Loans & Advances	11	43,39,37,259		34,64,79,362	
		190,64,79,632		112,89,73,795	
Less: Current Liabilities & Provisions	12	43,99,08,526		49,30,69,552	
Net Current Assets			146,65,71,106		63,59,04,243
TOTAL			411,39,55,331		336,86,77,215
Notes on Accounts	20				
Accounting Policies	21				

The Schedules referred to above and Notes on Accounts form an integral part of the Balance Sheet

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000513S

For and on behalf of the Board

K S Rao
Partner
Membership No.15850

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 30.05.2011

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule Reference	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
INCOME			
Sales		394,28,41,114	269,53,89,589
Less: Excise duty		2,80,915	56,654
Net Sales		394,25,60,199	269,53,32,935
Other Income	13	5,80,46,349	6,36,82,173
TOTAL		400,06,06,548	275,90,15,108
EXPENDITURE			
Raw Materials Consumed	14	233,31,60,868	147,02,94,614
Purchase of Traded goods		22,37,43,172	33,41,86,419
Processing / Conversion Charges		3,17,30,043	2,63,62,679
Stores Consumed	15	29,13,53,337	14,17,21,142
Power & Fuel		22,21,24,052	17,40,43,723
Payment & Benefits to Employees	16	20,69,57,088	14,73,28,003
Other Expenses	17	22,52,78,527	21,52,16,518
Finance Charges	18	23,71,96,594	14,58,17,944
Depreciation	5	18,84,25,634	11,66,49,400
(Increase)/Decrease in Stocks	19	(18,26,93,890)	(6,77,73,191)
TOTAL		377,72,75,425	270,38,47,251
Profit for the Year		22,33,31,123	5,51,67,857
Less: Provision for Income Tax : For the year		4,75,00,000	95,00,000
Deferred Tax Liability/(Assets)		1,75,32,301	90,92,289
Profit After Tax		15,82,98,822	3,65,75,568
Add:- MAT Credit Entitlement		5,38,86,783	-
Profit brought forward from last year		29,71,90,595	26,06,15,027
Balance Carried to Balance Sheet		50,93,76,200	29,71,90,595
Earning Per Share (Face Value : Rs.10/-) (See Note No.20)			
Basic & Diluted		9.73	2.26
Notes on Accounts	20		
Accounting Policies	21		

The Schedules referred to above and Notes on Accounts form an integral part of the Profit and Loss Account

Per our report of even Date

For and on behalf of the Board

for **Brahmayya & Co.,**

Chartered Accountants

Firm Registration No.000513S

K S Rao

Partner

Membership No.15850

Place : Hyderabad

Date : 30.05.2011

R K Agarwal
Managing Director

A K Agarwal
Executive Director

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
2,50,00,000 Equity shares of Rs 10/- each	25,00,00,000	25,00,00,000
10,00,000 Redeemable Preferential Shares of Rs.100/- each	10,00,00,000	–
	35,00,00,000	25,00,00,000
Issued Capital:		
1,87,56,209 (Previous Year 1,64,02,700) Equity Shares of Rs 10/- each	18,75,62,090	16,40,27,000
5,64,250, 10%, Cumulative Redeemable Preferential Shares of Rs.100/- each	5,64,25,000	–
	24,39,87,090	16,40,27,000
Subscribed and paid-up:		
1,84,86,164 (Previous Year 1,61,32,655) Equity Shares of Rs 10/- each fully paid	18,48,61,640	16,13,26,550
5,64,250, 10%, Cumulative Redeemable Preferential Shares of Rs 100/- each	5,64,25,000	–
Add: Forfeited Shares (Amount Originally Paid Up)	1,59,625	1,59,625
TOTAL	24,14,46,265	16,14,86,175

SCHEDULE 2 RESERVES AND SURPLUS

	As at 01.04.2010 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Reserves & Surplus					
State Subsidy	15,00,000	–	–	15,00,000	15,00,000
Securities Premium	17,16,79,295	5,52,39,874	–	22,69,19,169	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 in Profit and Loss A/c	29,71,90,595	50,93,76,200	29,71,90,595	50,93,76,200	29,71,90,595
TOTAL	54,75,33,578	56,46,16,074	29,71,90,595	81,49,59,057	54,75,33,578

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 3		
SECURED LOANS		
A. TERM LOANS		
1) Rupee Term Loans from:		
a) IDBI Bank Ltd.,	16,26,64,000	19,53,32,000
b) Axis Bank Ltd.,	-	75,84,044
c) State Bank of India	68,28,00,217	76,84,98,628
d) State Bank of Hyderabad	31,21,27,607	27,60,79,661
e) Indian Overseas Bank	11,38,10,169	14,40,75,225
2) Foreign Currency Loans from:		
a) Indian Overseas Bank	25,19,90,000	-
B. WORKING CAPITAL LOAN		
Cash Credit from		
a) State Bank of India	71,60,61,790	45,72,17,050
b) IDBI Bank Ltd.,	19,17,71,383	14,36,05,089
C. COMMODITY FUNDING FROM		
a) Axis Bank	12,94,28,020	-
a) IDBI Bank Ltd.,	8,37,49,484	-
D. VEHICLE HIRE PURCHASE LOANS		
	51,30,955	51,39,857
TOTAL	264,95,33,625	199,75,31,554

- 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 is further secured by extension of equitable mortgage of 15 acres of Land and Pledge of 5,00,000 Equity shares of Promotor Director's.
 - Working Capital Loans 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	11,78,74,068	13,34,87,893
Foreign Currency Convertible Bonds	11,02,25,000	44,09,00,000
Unsecured Loan from Corporate Bodies	4,00,00,000	-
TOTAL	26,80,99,068	57,43,87,893

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2010 Rupees	Additions Rupees	Deductions Rupees	As at 31.03.2011 Rupees	Up to 1.4.2010 Rupees	For the Year Rupees	On Deductions Rupees	Up to 31.03.2011 Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
Land	3,49,25,637	15,84,430	-	3,65,10,067	-	-	-	-	3,65,10,067	3,49,25,637
Buildings - Factory	33,06,21,156	44,50,878	-	33,50,72,034	3,94,05,666	1,11,25,425	-	5,05,31,091	28,45,40,943	29,12,15,490
- Non Factory	23,66,00,490	1,50,71,119	-	25,16,71,609	1,48,29,087	39,69,876	-	1,87,98,963	23,28,72,646	22,17,71,403
Plant & Machinery	248,92,93,822	1,90,32,093	-	250,83,25,915	50,72,52,237	15,85,92,192	-	66,58,44,429	184,24,81,486	198,20,41,585
Diesel Generator Sets	2,45,63,066	-	-	2,45,63,066	2,36,69,273	1,06,779	-	2,37,76,052	7,87,014	8,93,793
Caustic Recovery Plant	1,41,61,931	-	-	1,41,61,931	3,35,425	6,72,692	-	10,08,117	1,31,53,814	1,38,26,506
Laboratory Equipment	2,33,36,160	-	-	2,33,36,160	39,04,825	11,08,467	-	50,13,292	1,83,22,868	1,94,31,335
Electrical Installations	12,20,99,493	32,19,309	-	12,53,18,802	2,59,78,943	58,66,497	-	3,18,45,440	9,34,73,362	9,61,20,550
Data Processing Equipment	76,41,461	13,18,181	-	89,59,642	41,43,784	13,01,399	-	54,45,183	35,14,459	34,97,677
Workshop Equipment	55,77,760	3,07,297	-	58,85,057	16,65,487	2,74,789	-	19,40,276	39,44,781	39,12,273
Weighing Scales	18,63,447	89,707	-	19,53,154	4,85,838	89,787	-	5,75,625	13,77,529	13,77,609
Water Works	45,00,040	29,400	-	45,29,440	7,63,171	2,14,681	-	9,77,852	35,51,588	37,36,869
Effluent Treatment Plant	3,45,79,270	33,70,580	-	3,79,49,850	8,19,007	17,15,185	-	25,34,192	3,54,15,658	3,37,60,263
Furniture & Fixtures	65,07,517	2,99,660	-	68,07,177	34,18,365	4,45,809	-	38,64,174	29,43,003	30,89,152
Office Equipment	54,53,194	5,35,082	-	59,88,276	21,56,210	3,55,217	-	25,11,427	34,76,849	32,96,984
Vehicles	2,58,92,602	37,29,151	-	2,96,21,753	80,98,256	25,86,839	-	1,06,85,095	1,89,36,658	1,77,94,346
ADD: Capital Works-in-Progress	336,76,17,046	5,30,36,887	-	342,06,53,933	63,69,25,574	18,84,25,634	-	82,53,51,208	259,53,02,725	273,06,91,472
	-	5,14,52,457	-	-	-	-	-	-	-	-
	336,76,17,046	10,44,89,344	-	342,06,53,934	63,69,25,574	18,84,25,634	-	82,53,51,208	259,53,02,726	273,06,91,472
Less :- Internal Transfers		5,14,52,457	-	-	-	-	-	-	-	-
TOTAL	336,76,17,046	5,30,36,887	-	342,06,53,934	63,69,25,574	18,84,25,634	-	82,53,51,208	259,53,02,726	273,06,91,472
Previous Year	308,10,06,804	28,95,05,484	28,95,242	336,76,17,046	52,14,49,659	11,66,49,400	11,73,485	63,69,25,574	273,06,91,472	255,95,57,145

SURYAJYOTI SPINNING MILLS LIMITED



STATEMENT OF EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

	AS AT 31.03.2011 Rs.	Rupees AS AT 31.03.2010 Rs.
SCHEDULE 6		
Sales	-	19,11,43,106
Interest Earned	-	1,05,000
Job Work Charges	-	82,495
Miscellaneous Income	-	7,51,820
Total - A	-	19,20,82,421
Raw Materials Consumed	-	14,14,43,280
Electricity Charges	-	2,88,65,882
Fuel Charges	-	37,38,955
Stores Consumed	-	10,62,15,925
Salaries & Wages	-	4,48,36,599
Welfare Expenses	-	31,54,031
Office Maintenance	-	8,89,261
Miscellaneous Expenses	-	11,15,967
Printing & Stationery	-	4,94,593
Rates & Taxes	-	24,58,019
Stamp Duty	-	2,00,000
Legal & Professional Charges	-	3,65,55,722
Rent	-	2,39,790
Staff Recruitment Expenses	-	15,58,375
Telephone & Truncalls	-	8,33,625
Vehicle Maintenance	-	15,53,708
Donations	-	30,086
Business Promotion	-	1,51,710
Postage	-	2,78,234
Insurance	-	4,97,778
Lease Rentals	-	1,69,002
Advertisement	-	2,54,000
Testing Charges	-	10,27,908
Forwarding Charges	-	11,87,502
Expenses On Export Sales	-	3,59,628
Trade Discount	-	6,05,787
Commission On Sales	-	5,32,256
Repairs To Machinery	-	11,23,348
Repairs To Building	-	14,800
Repairs To Other Assets	-	1,36,269
Paddy Husk Consumed	-	96,27,661
Travelling Expenses	-	84,58,487
Security Wages	-	18,92,853
Finance Charges	-	1,85,45,697
Total - B	-	41,90,46,740
Total - (A+B)	-	22,69,64,320
Less: Allocated To Assets	-	22,69,64,320
	-	-

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

			AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 7				
INVESTMENTS				
(at cost-non-trade-unquoted)				
	NO.OF SHARES	FACE VALUE (Rs)		
National Savings Certificate			5,500	5,500
Regent Clothing (P) Ltd.,	2600	10	26,000	26,000
Pangea Fabrics (P) Ltd.,	205000	10	20,50,000	20,50,000
Mutual Fund				
	UNITS			
SBI Premier Liquid Fund	4983802		5,00,00,000	-
(Net Assets Value as on 31st March, 2011 Rs.5,00,00,000/-)				
TOTAL			5,20,81,500	20,81,500
SCHEDULE 8				
INVENTORIES				
(Valued and Certified by the Management, at cost unless otherwise stated)				
Rawmaterials			49,02,33,463	27,33,16,764
Stock-in-process			15,36,05,697	7,24,03,762
Yarn			7,02,78,892	3,64,94,004
Fabric			13,29,51,579	6,57,70,030
Stores & spares			3,82,92,813	4,37,70,176
Waste			8,48,137	3,22,619
TOTAL			88,62,10,581	49,20,77,355
SCHEDULE 9				
SUNDRY DEBTORS				
(Unsecured Considered good)				
Due over six months			1,35,03,181	1,10,75,909
Others			48,37,51,860	25,99,69,139
TOTAL			49,72,55,041	27,10,45,048

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on Hand	15,86,422	16,57,116
With Scheduled Banks in Current Accounts	7,83,89,991	1,02,44,953
Margin Money Deposits with Banks (Pledged with the bank towards L.C's)	91,00,338	74,69,961
TOTAL	8,90,76,751	1,93,72,030
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	2,22,75,717	1,34,65,931
: Materials and Expenses	10,47,79,176	6,76,17,833
: Others	1,98,81,383	1,41,41,945
Staff Advances	29,91,307	25,72,281
Modvat Benefit Entitlement	1,34,75,160	2,10,62,879
Deposits recoverable	3,43,77,128	3,22,86,808
Prepaid Expenses	48,60,974	35,62,417
Export Incentives Receivable	5,95,04,139	4,54,61,497
Accrued Interest	29,48,040	24,93,905
Interest Subsidy/ Excise Duty Rebate Receivable	5,72,78,294	5,09,29,816
Power Rebate Receivable	3,23,09,399	1,49,31,242
Advance Income Tax	1,42,34,503	6,01,63,879
Advance Fringe Benefit Tax	5,20,406	33,13,366
MAT Credit Entitlement	5,38,86,783	38,35,000
Terminal Excise Duty Recble-EPCG	96,14,850	96,40,563
TOTAL	43,39,37,259	34,64,79,362

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
A. Current liabilities:		
Sundry Creditors		
Due to - Micro and Small Enterprises*	4,08,548	15,62,782
- Others	25,51,89,252	26,49,42,910
*(Based on the Information available with the Company on which auditors relied upon)		
Creditors for Expenses	6,02,72,786	4,20,36,002
Other Creditors	48,12,287	5,54,36,214
Advances Received Against Sales	5,52,74,058	5,49,98,659
Interest Accrued but not due	43,93,461	17,54,219
Unclaimed Dividends**	25,41,099	25,47,979
TOTAL (A)	38,28,91,491	42,32,78,765
B. Provisions For :		
Income Tax	4,75,00,000	5,93,15,000
Fringe Benefit Tax	-	28,00,000
Provision for Gratuity	66,78,866	50,39,339
Provision for Leave Encashment	28,38,169	26,36,448
TOTAL (B)	5,70,17,035	6,97,90,787
TOTAL (A+B)	43,99,08,526	49,30,69,552

**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 31.03.2011 Rs.	Previous Year 31.03.2010 Rs.
SCHEDULE 13		
OTHER INCOME		
Interest earned (TDS Rs. 2,85,856/- Previous Year Rs.5,34,802/-)	28,58,521	43,77,188
Miscellaneous Income	8,724	6,18,427
Prior Period Income	15,18,270	82,606
Dividend Received	5,100	-
Scrap Sales	18,939	-
Processing Charges Received	89,841	92,905
Profit on Sale of Raw Material	37,15,612	69,391
Exchange Variance	4,98,31,342	5,84,41,656
TOTAL	5,80,46,349	6,36,82,173
SCHEDULE 14		
RAW MATERIALS CONSUMED		
Openig Stocks	27,33,16,764	9,84,08,195
Add: Purchases	256,82,59,499	164,60,64,200
	284,15,76,263	174,44,72,395
Less : Closing Stocks	49,02,33,463	273316764
: Cost of Raw Materials Sold	1,81,81,932	861017
TOTAL	233,31,60,868	147,02,94,614
SCHEDULE 15		
STORES CONSUMED		
Consumable Stores	8,24,14,651	5,13,85,232
Dyes & Chemicals	12,05,32,551	3,77,14,464
Coating and Pigments	94,96,529	7,77,875
Husk Consumed	3,68,27,933	1,34,49,728
Packing Material Consumed	4,20,81,673	383,93,843
TOTAL	29,13,53,337	14,17,21,142
SCHEDULE 16		
PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries,Wages and Bonus	18,51,76,309	13,03,69,923
Welfare expenses	1,27,66,972	87,33,646
Contribution to Providend Fund and Other Funds	69,08,192	66,41,599
Gratuity	21,05,615	15,82,835
TOTAL	20,69,57,088	14,73,28,003

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year 31.03.2011 Rs.	Previous Year 31.03.2010 Rs.
SCHEDULE 17		
OTHER EXPENSES		
Office Rent	8,98,133	8,08,800
Security Service Charges	29,65,879	18,42,026
Rates & Taxes	3,02,71,076	230,27,668
Printing and Stationery	30,03,551	23,16,102
Postage Telegrams & Telephones	40,48,102	47,05,471
Travelling & Conveyance	162,88,596	97,70,405
Commission on sales	3,33,71,010	3,31,42,525
Expenses on sales	9,10,26,932	714,17,495
Managerial Remuneration	89,74,068	64,79,880
Directors sitting fees	65,000	59,000
Insurance	31,17,116	27,43,362
Advertisement	7,34,517	1,31,599
Auditors remuneration	2,09,570	1,81,443
Cost Auditors Fee	19,854	19,854
Legal & Professional Charges	83,94,140	15,08,493
Repairs to - Buildings	3,50,838	2,00,773
- Machinery	33,11,125	22,50,887
- Other Assets	21,21,030	17,47,891
Vehicle Maintenance	43,24,970	35,81,521
Miscellaneous Expenses	1,16,87,148	76,95,682
Donations	95,872	1,01,705
Loss on Sale of Vehicles	-	3,71,757
Loss on Derivatives	-	3,98,68,000
Exchange Variance	-	12,44,179
TOTAL	22,52,78,527	21,52,16,518
SCHEDULE 18		
FINANCE CHARGES		
Interest on: Fixed Loans	12,97,09,103	6,77,14,523
Others	10,74,87,491	781,03,421
	23,71,96,594	14,58,17,944

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	Current Year 31.03.2011 Rs.	Previous Year 31.03.2010 Rs.
SCHEDULE 19		
A) Opening 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	<u>7,24,03,762</u>	<u>6,12,00,419</u>
	<u>17,49,90,415</u>	<u>10,72,17,224</u>
B) Closing Stocks:		
Yarn	7,02,78,892	3,64,94,004
Fabric	13,29,51,579	6,57,70,030
Waste	8,48,137	3,22,619
Stock-in-process	<u>15,36,05,697</u>	<u>7,24,03,762</u>
	<u>35,76,84,305</u>	<u>17,49,90,415</u>
C) (Increase)/Decrease in Stocks (A-B)	<u>(18,26,93,890)</u>	<u>(6,77,73,191)</u>

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20

Notes forming part of the Balance Sheet as at 31st March,2011 and Profit & Loss account for the year ended on that date

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
I. A) Contingent Liabilities not provided for in respect of		
a) Letters of Credit	2,75,14,971	90,56,804
b) Bank Guarantees	5,58,000	-
c) APSEB Liability under dispute	12,78,141	12,78,141
d) Fuel Surcharge Adjustment under dispute with APCPDCL	2,60,12,582	-
e) APGST under dispute with BPCL	12,20,773	-
B) Estimated amount of contracts remaining to be Executed on Capital Account and not provided for	2,27,80,512	-
2. Due to Micro, Small and Enterprises :- Outstanding dues to Micro and small 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	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	Current year		Previous year	
	Kgs.	Rs.	Kgs.	Rs.
i) Production of Yarn				
a) Own	167,95,422		1,69,74,565	
b) Others	764695		7,00,880	
ii) Sales				
Yarn (Net of Discounts & Returns)	168,14,071	269,96,28,686	169,37,310	199,37,31,326
Samples,Waste, Process Loss etc.	785	-	3,007	-
Waste	21,96,023	6,58,66,019	24,38,135	6,97,83,148
Export Incentives		6,42,99,587		9,40,36,453
TOTAL		<u>282,97,94,292</u>		<u>215,75,50,927</u>
iii) Captive Consumption				
Yarn	6,41,837		7,20,387	
Waste	-		-	
Process Stock	-		-	

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

	2010-2011		2009-2010	
	Kgs.	Rs.	Kgs.	Rs.
b) Particulars of Traded Goods :				
Yarn :-				
Opening Stock	19,656	27,06,062	-	-
Purchases	10,20,528	22,03,80,863	8,24,187	8,38,24,442
Sale	10,12,001	24,43,79,472	8,04,532	8,51,46,249
Closing Stock	28,032	59,47,370	19,656	27,06,062
Process Loss	151	-	-	-
Raw Cotton :-				
Opening Stock	-	-	-	-
Purchases	48,640	33,62,309	40,21,242	25,03,61,977
Sales	48,640	41,22,414	40,21,242	25,13,24,536
Closing Stock	-	-	-	-
c) Opening & Closing Stocks				
Yarn				
i) Opening Stocks				
Yarn	3,07,981		2,93,240	
Waste	50,797		61,233	
TOTAL	3,58,778		3,54,473	
ii) Closing Stocks				
Yarn	4,11,405		3,07,981	
Waste	50,835		50,797	
TOTAL	4,62,240		3,58,778	
d) Stocks of Raw Materials				
Yarn				
i) Opening 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	
ii) Purchase				
a) Cotton	68,61,981	80,16,28,776	1,03,04,331	69,93,01,780
b) Polyester Staple Fibre	1,21,27,314	103,49,33,731	1,06,15,807	69,73,34,643
c) Viscose Staple Fibre	7,52,876	9,91,94,040	11,42,178	12,76,31,477
d) Cylinder Fly	-	-	-	-
TOTAL	19,74,217	193,57,56,547	2,20,62,316	152,42,67,900
iii) Closing Stocks				
a) Cotton	20,35,722		24,99,107	
b) Polyester Staple Fibre	7,08,953		5,03,984	
c) Viscose Staple Fibre	1,32,517		91,994	
d) Cylinder Fly	29,650		29,650	
TOTAL	29,06,842		31,24,735	

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

	2010-2011		2009-2010	
	Kgs.	Rs.	Kgs.	Rs.
e) Raw Materials Consumed				
a) Cotton	73,25,366	72,84,88,490	81,32,623	53,00,47,585
b) Polyester Staple Fibre	1,18,92,628	100,49,32,186	1,09,21,021	70,79,33,200
c) Viscose Staple Fibre	7,12,353	9,20,74,116	12,20,548	13,34,07,589
d) Cylinder Fly	—	—	—	—
TOTAL	1,99,30,347	182,54,94,792	2,02,74,192	1,37,13,88,374
f) Cost of rawmaterial sold				
a) Cotton	—	—	—	—
b) Polyester Staple Fibre	29,717	20,82,352	—	—
c) Viscose Staple Fibre	—	—	9,033	8,61,017
TOTAL	29,717	20,82,352	9,033	8,61,017
Yarn - Percentage of Raw Materials Consumed				
Indigenous	100.00%	182,54,94,792	99.51%	136,47,35,758
Imported	0.00%	—	0.49%	66,52,616
TOTAL	100%	182,54,94,792	100%	137,13,88,374
5. Fabric Division :-				
a) Production & Sales				
i) Production of Fabric	Mtrs	Rs.	Mtrs	Rs.
a) Production	82,10,415		50,02,021	
Trail Run Production	—		(24,49,288)	
ii) Sales				
a) Sales				
Fabric				
(Net of Discounts & Returns)	77,95,312	85,59,88,300	24,46,909	19,96,54,887
Samples & Process Loss	41,050	—	9,857	—
Fabric Waste	24,260	4,31,628	45,808	9,09,516
Yarn Waste	1,15,140	34,66,524	—	—
Husk Waste	45,07,484	23,28,602	—	—
Other Waste	38,014	59,906	93,326	74,996
Export Incentives	—	22,69,976	—	7,28,478
TOTAL		86,45,44,936		20,13,67,877
b) Trail Run Sales				
Trail Run Fabric				
(Net of Discounts & Returns)	—	—	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 - 20 (Contd.)

	2010-2011		2009-2010	
	Mtrs.	Rs.	Mtrs.	Rs.
b) Opening & Closing Stocks				
Fabric				
i) Opening Stocks				
Fabric - Mtrs	7,38,566		2,34,172	
Waste - Mtrs	—		—	
TOTAL	<u>7,38,566</u>		<u>2,34,172</u>	
ii) Closing Stocks				
Fabric - Mtrs	11,12,619		7,38,566	
Waste - Mtrs	—		—	
TOTAL	<u>11,12,619</u>		<u>7,38,566</u>	
c) Stocks of Raw Materials				
Fabric				
i) Opening 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>	
ii) Purchase				
a) Yarn - Kgs	11,39,966	21,94,96,118	7,56,709	9,95,12,955
b) Grey Fabric - Mtrs	53,57,306	41,30,06,833	24,67,165	14,24,26,445
TOTAL	<u>64,97,272</u>	<u>63,25,02,951</u>	<u>32,23,874</u>	<u>24,19,39,400</u>
iii) Closing Stocks				
a) Yarn - Kgs	3,35,737		1,01,736	
b) Grey Fabric - Mtrs	7,99,044		3,19,375	
TOTAL	<u>11,34,781</u>		<u>4,21,111</u>	
d) Raw Materials Consumed				
a) i) Yarn - Kgs	8,50,450	15,80,79,154	3,32,669	4,10,08,273
ii) Grey Fabric - Mtrs	47,77,637	34,95,86,922	10,73,964	5,78,97,967
TOTAL	<u>56,28,087</u>	<u>50,76,66,076</u>	<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>—</u>	<u>—</u>	<u>15,28,570</u>	<u>12,01,43,100</u>
e) Cost of rawmaterial sold				
a) i) Yarn - Kgs	55,515	85,26,732	—	—
ii) Grey Fabric - Mtrs	1,00,000	75,72,848	—	—
TOTAL	<u>1,55,515</u>	<u>1,60,99,580</u>	<u>—</u>	<u>—</u>
Fabric - Percentage of Raw Materials Consumed				
Indigenous	100.00%	50,76,51,985	100.00%	9,89,06,240
Imported	0.00%	14,091	0.00%	—
TOTAL	<u>100.00%</u>	<u>50,76,66,076</u>	<u>100.00%</u>	<u>9,89,06,240</u>

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

	2010-2011		2009-2010	
		Rs.		Rs.
6. Percentage of Spare Parts & Components Consumed				
Indigenous	96.22%	23,98,42,712	86.00%	8,88,58,012
Imported	3.78%	94,28,953	14.00%	1,44,69,287
	100%	24,92,71,665	100.00%	10,33,27,299
7. Auditors Remuneration				
Audit Fee		1,10,300		88,240
Tax Audit Fee		33,090		30,332
Certification Fee		66,180		62,871
TOTAL		2,09,570		1,81,443
8. Value of Imports (CIF BASIS)				
a) Rawmaterials		14,091		50,92,646
b) Yarn		–		2,01,60,000
c) Stores & Spares		1,92,47,750		1,67,47,557
d) Plant & Machinery		–		3,74,46,282
9. Expenditure in Foreign Currency during the year on Account of				
a) Commission on Exports		1,83,52,737		1,77,07,564
b) Foreign Travel		80,64,861		15,77,675
c) Interest Payments		89,34,811		1,06,50,215
d) Repayment of Loans		–		16,89,758
10. Earnings in Foreign Exchange				
FOB Value of Exports		168,64,86,255		111,92,44,318
11. Managerial Remuneration				
a) Managing Director				
i) Salary		24,00,000		24,00,000
ii) Perquisites				
H.R.A		12,00,000		12,00,000
Subscription to Clubs		6,320		7,440
iii) Contribution to Provident Fund		2,88,000		2,88,000
iv) Commission		12,00,000		–
TOTAL (A)		50,94,320		38,95,440
b) Executive Director				
i) Salary		18,33,800		15,90,000
ii) Perquisites				
H.R.A		9,10,000		7,95,000
Subscription to Clubs		7,548		12,240
iii) Contribution to Provident Fund		2,18,400		1,87,200
iv) Commission		9,10,000		–
TOTAL (B)		38,79,748		25,84,440
GRAND TOTAL (A+B)		89,74,068		64,79,880

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

	2010-2011 Rs.	2009-2010 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	22,33,31,123	5,51,67,857	
Add :- Managerial remuneration	68,64,068	64,79,880	
Director's Sitting Fee	65,000	59,000	
Loss on Sale of Assets	-	3,71,757	
Net Profit in accordance with Section 349 of the Companies Act, 1956	23,02,60,191	6,20,78,494	
Maximum Remuneration to Wholetime Directors	2,30,26,019	62,07,849	
Commission to Managing Director & Executive Director (@ 1% each on Net Profit)	23,02,602	-	
Restricted to 50% Salary (To Managing Director & Executive Director)	21,10,000	-	
Note: Minimum Remuneration paid to the Directors.	21,10,000	-	
13. The Company has raised from Promoters/ Promoters Group, an amount of Rs 567.30 lakhs by Converting 18,30,000 warrants into 18,30,000 equity shares, and an amount of Rs.564.25 Lakhs by issuing of 5,64,250 - 10% Cumulative Redeemable Preferential Shares of Rs 100/- each (10 Years). The amount was utilised for Strengthening of Net Working Capital. The Company has Converted Foreign Currency Convertible Bonds of USD 5,00,000 into 5,23,509 equity shares of Rs.10 each at a premium of Rs. 32.11 per share.			
14. Details of Non Convertible Cumulative Redeemable Preference Shares are as under:			
Nature	Amount (Rs)	Date of Issue	Date of Redemption
10% Cumulative Redeemable Preference Shares of Rs 100/- each	5,64,25,000	30-Mar-2011	29-Mar-2021
TOTAL	5,64,25,000		
15. The company had availed interest free Sales Tax Deferment Loan from Government of Andhra Pradesh on Burgul unit Original and availing on Burgul unit 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 Burgul unit original and is payable at the end of 14th year in respect of Burgul unit expansion.			

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

Interest free Sales tax loan from Andhra Pradesh State Government amounting to Rs.11,78,74,068/- is repayable as under :

Year of Payment	Burgul-Original (Rs.)	Burgul-Expansion (Rs.)	Total (Rs.)
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
2019-2020		1,60,44,139	1,60,44,139
2020-2021		2,02,33,832	2,02,33,832
2021-2022		74,86,981	74,86,981
2022-2023		11,77,893	11,77,893
2023-2024		7,71,020	7,71,020
T O T A L	2,12,46,186	9,66,27,882	11,78,74,068

16. Derivatives: Outstanding as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31st March 2011	2010	
Principal only swap	USD	-	-	Cost reduction

17. a) During the year 2006-07 the Company has issued 2% coupons 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 17th 2012 which is 30 calendar days prior to the maturity date. The Company has also an option of 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 - 20 (Contd.)

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
18. The following is the details of Deferred Tax Liability :-		
DEFERRED TAXATION		
Deferred Tax Liabilities		
Depreciation	11,11,01,313	12,64,54,385
Deferred Revenue Expenses	-	-
	11,11,01,313	12,64,54,385
Deferred Tax Assets		
Unabsorbed Depreciation	38,44,723	357,28,397
Benefits to Employees	19,52,480	29,87,973
Others	33,794	-
	58,30,997	3,87,16,370
Deferred Tax Liability	10,52,70,316	8,77,38,015

19. Segment information:

In the opinion of the management, company's main business is Textiles and all other activities of the company revolve around the main business and as such there are no reportable segments as per the accounting standard (AS 17) "Segmental Reporting" issued by the Institute of Chartered Accountants of India.

20. 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 at 31.03.2011	As at 31.03.2010
Profit & Loss Account		
Current Service Cost	7,69,440	7,10,009
Interest Cost on benefit obligation	4,03,147	3,15,677
Expected return on plan assets	NIL	NIL
Net Actuarial (gain) Loss recognized in the year	921,129	5,57,149
Past services cost	NIL	NIL
Net Benefit Expenses	20,93,716	1582,835
Actual return on plan assets		

(Contd.)

SURYAJYOTI SPINNING MILLS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

Employees Benefits: Gratuity (Contd.)

PARTICULARS	As at 31.03.2011	As at 31.03.2010
Balance Sheet		
Details of Provision for Gratuity		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	50,39,339	39,45,972
Interest cost	4,03,147	3,15,677
Current services cost	7,69,440	7,10,009
Benefits paid	(4,54,189)	(4,89,468)
Actuarial (gains)/Losses on obligation	9,21,129	5,57,149
Closing defined benefit obligation	66,78,866	50,39,339
Assumptions		
Salary Rise	4%	4%
Attrition rate	6%	6%
Discount rate	8%	8%

20. 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	Managing Director	Remuneration	50,94,320	38,95,440
A.K. Agarwal	Executive Director	Remuneration	38,79,748	25,84,440
Smt Neha Agarwal	Spouse of E.D	Salary	5,37,600	5,04,000
Smt Umabhai Agarwal	Spouse of M.D	Rent	6,00,000	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	15,82,98,822	3,65,75,568
Weighted average No. of Equity Shares	1,62,68,898	1,61,48,618
Basic & Diluted Earnings per Share	9.73	2.26



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule - 20 (Contd.)

23. 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.
 24. 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.
 25. Paise have been rounded off to nearest rupee.
 26. Previous Year's Figures have been regrouped wherever necessary.
 27. Additional information on pursuant to provisions of Part IV of Schedule VI to the companies Act, 1956 is furnished in Annexure - 'A'
-

Schedule - 21

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 a/c

5. Investments:

Investments are stated at cost and diminution in the value, which is permanent in nature, is provided for. Investments are stated at cost or Net realisable value, which ever is lower.

6. Contingent Liabilities:

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

SURYAJYOTI SPINNING MILLS LIMITED



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 Includes the amount receivable for goods sold including excise duty, sales tax and export incentives, which are recognised on accrual basis thereon and net of discounts.

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

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. Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity share holders by weighted average number of equity shares outstanding during the year.

Signatories to Schedules I to 22

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.0005135

K S Rao
Partner
Membership No.15850

Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board

R K Agarwal
Managing Director

M Bala Guravaiah
Vice President (Finance)

A K Agarwal
Executive Director

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	2010 - 2011 Rs.	2009-2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation and Extraordinary Items	22,33,31,123	5,51,67,857
Adjustment for:		
Depreciation	18,84,25,634	11,66,49,400
Finance Charges	23,71,96,594	14,58,17,944
Interest Income	(28,58,521)	(43,77,188)
(Profit) / Loss on sale of Fixed Assets (Net)	-	3,71,757
Operating Profit Before Working Capital Changes	64,60,94,830	31,36,29,770
Adjusted for :		
Inventories	(39,41,33,226)	(25,11,35,458)
Sundry Debtors	(22,62,09,993)	(35,46,735)
Loans and Advances	(3,22,64,600)	(5,76,42,523)
Sundry Creditors	(10,93,61,290)	(4,52,66,152)
Cash Generated From Operations	(11,58,74,279)	(4,39,61,098)
Direct taxes paid (net of refunds)	(5,41,57,593)	1,04,93,545
Net Cash From Operating Activities (A)	(17,00,31,872)	(3,34,67,553)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	63,36,229	(20,53,28,062)
Proceeds from Sale of Equipment	-	13,50,000
Interest received	24,04,386	42,82,019
(Purchase)/Sale of Investments (NET)	(5,00,00,000)	(18,50,000)
Net Cash Used in Investing Activities (B)	(4,12,59,385)	(20,15,46,043)

SURYAJYOTI SPINNING MILLS LIMITED



CASH FLOW STATEMENT (CONTD.)

PARTICULARS	2010 - 2011 Rs.	2009-2010 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Share Capital & Premium	13,51,99,964	–
Share Application Money	3,46,47,000	–
Proceeds from Long Term Borrowings	35,09,24,141	35,73,26,448
Proceeds from Bank Borrowings	30,70,11,034	20,29,87,924
Repayment of Long Term Borrowings	(21,91,01,706)	(18,26,92,214)
Buyer Credit from SBI Chikago	–	(7,11,74,460)
Hire purchase Loans taken	29,68,149	12,00,780
Commodity Funding from Banks	21,31,77,504	–
Hire purchase Loans paid	(29,77,051)	(33,10,630)
Increase / (Decrease) in unsecured loans	(30,62,88,825)	(88,33,389)
Interest paid	(23,45,57,352)	(14,65,48,034)
Equity Dividends paid (including Tax on Dividend)	(6,880)	(64,572)
Net Cash From Financing Activities (C)	28,09,95,978	14,88,91,853
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	6,97,04,721	(8,61,21,743)
Opening Balance of Cash and Cash Equivalents	1,93,72,030	10,54,93,773
Closing Balance of Cash and Cash Equivalents	8,90,76,751	1,93,72,030

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard, AS - 3 : Cash Flow Statements issued by the Institute of Chartered Accountants of India.

Per our report of even Date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000513S

K S Rao
Partner
Membership No.15850
Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board

R K Agarwal
Managing Director

M Bala Guravaiah
Vice President (Finance)

A K Agarwal
Executive Director

N Madhavi
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



Annexure - A Forming part of Schedule - 2 I

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, 2011

I. Registration Details

Registration No. : 3961 State Code : 01
Balance Sheet Date : 31st March, 2011

II. Capital raised during the year

	Rs.in 000's		Rs.in 000's
Public Issue	: NIL	Preferential Allotment	: 18300
Bonus Issue	: NIL	Equity Capital	: 5235
		Preference Share Capital	: 56425

III. Position of Mobilisation and Deployment of Funds

	Rs.in 000's		Rs.in 000's
Total Liabilities	: 4113955	Total Assets	: 4113955
Sources of Funds			
Paid up Capital	: 241446	Reserves & Surplus	: 814959
Secured Loans	: 2649534	Unsecured Loans	: 268099
Share Warrant Application	: 34647	Deferred Tax Liability	: 105270
Application of Funds:			
Net Fixed Assets	: 2595303	Investments	: 52082
Net Current Assets	: 1466571	Misc.Expenditure	: NIL
Accumulated Losses	: NIL		

IV. Performance of Company

Turnover	: 3942560	Total Expenditure	: 3777275
Profit before Tax	: 223331	Profit after Tax	: 158299
Earning per Share in Rs.	: 9.73	Dividend rate	: 0%

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

(as per monetary terms)

Product Description:	Item Code No:
i) Cotton Yarn	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 : 30.05.2011

M Bala Guravaiah
Vice President (Finance)

N Madhavi
Company Secretary



Dear Shareholder,

Re: Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, we are keen to participate in Green Initiative and henceforth propose to send documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. to the shareholders in the electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you are holding shares in electronic form and have registered your e-mail id with the Depository, we intend using e-mail address provided by you to the Depositories viz, NSDL / CDSL and available to the Company from time to time to send various notices / documents, etc henceforth. If you desire to have a different e-mail id registered, please update the same with your Depository Participant (DP) or email at shares@suryajyoti.com/info@suryajyoti.com specifying your Client Id and DP Id.

All those shareholders who have not yet registered their email Ids or holding shares in physical form are requested to immediately register their e-mail Ids with NSDL/CDSL and / or the Company at shares@suryajyoti.com/info@suryajyoti.com along with your: Folio No. and No. of shares / Client Id and DP Id.

Kindly note that if you still wish to receive a physical copy of all the above mentioned communications / documents, the Company undertakes to provide the same at no extra cost to you, if a request is received by the company **before 15th October, 2011**. Please note that these documents will also be available on the Company's website www.suryajyoti.com. The physical copies of these notices/ documents will also be available at our Registered Office in Secunderabad for inspection during office hours.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in implementing the same.

For Suryajyoti Spinning Mills Limited

N. Madhavi

AGM (Legal) & Company Secretary

Place : Hyderabad
Date : 30th May, 2011



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

28th Annual General Meeting, 27th September, 2011 at 11.30 A.M.

Regd. Folio No.		* DP ID:	
No. of Shares held		* Client ID:	

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

I hereby record my presence at **28th 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 28th Annual General Meeting of the Company to be held at Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District, A.P., on Tuesday, the 27th September, 2011 at 11.30 A.M. and at any adjournment thereof.

As witness my/our hand(s) this day of 2011.

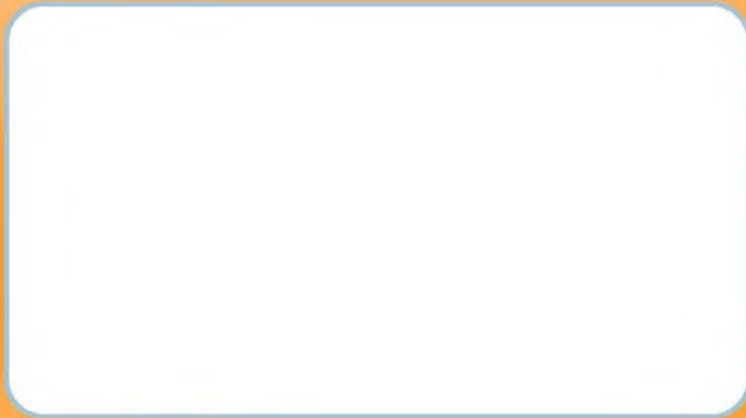
Signed by the said

Affix Re. I/- 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.

BOOK POST
Printed Matter



If undelivered, please return to:

Corp. Office :

Surya Towers, 7th Floor, 105,
Sardar Patel Road, Secunderabad - 500 003
Ph : +91-40-27810086 / 27898842 / 27814265
Fax : +91-40-27846837
e-mail : info@suryajyoti.com