

ANNUAL REPORT 2012 - 2013



SURYAJYOTI SPINNING MILLS LIMITED



Weaving a new path to progress...



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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
Sri K. Harishchandra Prasad
Sri Sanjeev Mitla
Sri Ankit Jain
Sri Ravinder Kumar Agarwal
Sri Arun Kumar Agarwal

Director
Director
Director
Director
Managing Director
Executive Director

Vice President (Finance)

Sri M. Bala Guravaiah

Company Secretary

Sri Y. Srinivasulu Raju

Registered Office

Burgul Village,
Farooqnagar Mandal,
Mahabubnagar District - 509 202,
Andhra Pradesh.

Corporate Office

7th Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad – 500 003,
Andhra Pradesh.

Factories

Makthal Village

Makthal – Narayanpet Road,
Mahabubnagar District - 509 208,
Andhra Pradesh.

Burgul Village

Farooqnagar Mandal,
Mahabubnagar District - 509 202,
Andhra Pradesh.

Rajapur Village

Balanagar Mandal,
Mahabubnagar District - 509 202,
Andhra Pradesh.

Kucherkal Village

Balanagar Mandal,
Mahabubnagar District - 509 202,
Andhra Pradesh.

Auditors

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

Cost Auditor

M/s. S.G. Ramakrishna & Co.,
I-I-524/A, Flat B – 4,
Damodar Kripa,
Gandhi Nagar,
Hyderabad – 500080,
Andhra Pradesh.

Bankers

State Bank of India

Industrial Finance Branch,
Somajiguda, Hyderabad, A.P.

IDBI Bank Ltd.,

Chapel Road, Hyderabad, A.P.

Indian Overseas Bank

Parklane, Secunderabad, A.P.

State Bank of Hyderabad

Commercial Branch, S.P. Road,
Secunderabad, A.P.



NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of SURYAJYOTI SPINNING MILLS LIMITED will be held at 11.30 a.m. on Saturday the 28th day of September 2013 at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, Andhra Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2013 and Profit and Loss Account for the year ended 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. A. Nageswara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:
"RESOLVED THAT the vacancy caused by the retirement by rotation of Sri Ankit Jain, who is not seeking re-election, be not filled-up at this Meeting."
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. Re-appointment of Sri R.K. Agarwal as Managing Director

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 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, including any statutory modification and re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the re-appointment of Sri R.K. Agarwal as Managing Director for a further period of five years with effect from 1st August, 2013 on the terms & conditions and remuneration as set out below:

- 1) **Salary:** Rs.2,00,000/- p.m.
- 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 R.K. 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:

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' average salary in a period of three years.

iii) 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:

Of an amount, the premium of which shall not exceed Rs.4,000/- per annum.

CATEGORY B

i) Contributions by the Company to Provident Fund, 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.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above-stated remuneration as may be agreed to between the Board of Directors and Sri R.K. Agarwal.



RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Sri R.K. Agarwal, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

6. Authorization to Borrow in excess of Paid-up capital and Free Reserves

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** in supersession of the resolution passed at the Annual General Meeting of the Company held on 29th September 2006, consent of the members be and is hereby accorded to the Board of Directors of the Company (which term shall include duly constituted Committee of Directors thereof) in terms of Section 293(1)(d) and all other applicable provisions of the Companies Act, 1956, to borrow periodically from Banks and/or public financial institutions as defined under Section 4 of the Companies Act, 1956, and/or any foreign financial institution(s) and/or any entity/entities or authority/authorities and/or through suppliers, credit securities, instruments such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc., and/or through credit from official agencies and/or by way of commercial borrowings, from the private sector window of multilateral financial institutions, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores only) notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may

exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.

7. Creation of Charge / Mortgage for Borrowings

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company (which term shall include any duly constituted Committee of Directors thereof) for creation of mortgage and /or charge on such terms and conditions for borrowings upto Rs. 500 Crores (Rupees Five Hundred Crores only) at such time or times and from time to time and in such form or manner, as they may think fit, the whole or substantially whole of the Company’s any one or more of the undertakings including the present and/or future properties, whether moveable or immovable comprised in any or new undertaking(s) of the Company as the case may be, in favour of financial institutions, corporations, banks, mutual funds, Government/ other agencies or any other person(s), entities which give, provide or extend loans/ facilities to the Company or in favour of trustee of such lenders to secure the said amount of loans/ debentures together with interest thereon, commitment charges, liquidated damages, premium on redemption, trustees remuneration, costs, charges, expenses and all other moneys payable under the agreement(s) / arrangement(s) entered into/to be entered into by the Company in respect of the said loans as the Board may deem fit in the best interest of the Company.”

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

Place : Secunderabad
Date : 28.05.2013

Y. Srinivasulu Raju
Company Secretary



NOTES

1. The Register of Members and Share Transfer books of the Company will remain closed from 25th September 2013 to 28th September 2013 (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. The Members are requested to notify change, if any, in their address to Registrar and Transfer Agent viz., M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad-500081 immediately, quoting their Folio No.
5. All communications regarding shares are to be addressed to the Registrars and Transfer Agents at the address mentioned above.
6. 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.

7. 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
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 re-validation/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.

8. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business items is annexed hereto.

EXPLANATORY STATEMENT

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

Item No. 5

Sri R.K. Agarwal, Managing Director is being paid a remuneration of Rs. 2,00,000/- P.M. and other applicable perquisites as per the resolutions passed by the members at the Annual General Meeting held on 20.09.2008.

Sri R.K. Agarwal, aged about 65 years is a Science Graduate and is having more than three decades of experience in the textile industry. He is responsible for erecting and commissioning of over 2,00,000 spindles. He has also served on the Board of three other Companies engaged in spinning. He is also involved in the marketing of yarn in India and abroad. He is well versed with the international markets scenario for textiles and related products as well. He is the Chairman of A.P. Spinning Mills Association. The Company has made very good progress under his guidance and supervision and the Company has embarked upon expansion to achieve a much higher growth rate. Considering the present market conditions and the state of affairs of the Company, the Remuneration Committee of the Board of Directors have not recommended any increase in his remuneration.

SURYAJYOTI SPINNING MILLS LIMITED



I. Additional disclosure about the appointee as per Schedule XIII Part II of the Companies Act, 1956:

1. Nature of Industry

Suryajyoti Spinning Mills Limited has multi-locational Yarn manufacturing facilities with a capacity of 86,560 spindles in Mahabubnagar District with a turnover of around Rs. 400 Crores. The Company had entered into a value-added Bottom-weight fabric business by setting up a state-of-art facility at Kucherkal in Mahabubnagar District with a capacity of 20 million meters per annum.

2. Date of commencement of commercial production

Commercial production of the Company was started during the Year 1983.

3. Financial Performance

Performance of the Company for the last three years is as follows:

(Rs. In Lakhs)

Particulars	2012-13	2011-12	2010-11
Revenue from operations	41694.79	40246.31	40006.07
Profit/ Loss before Tax	(2013.24)	(1296.52)	2233.31
Profit/ Loss After Tax	(1409.27)	(1042.80)	2121.86

4. Export performance

Export performance of the Company for the last three years is as follows:

(Rs. In Lakhs)

Particulars	2012-13	2011-12	2010-11
FOB value of exports	16476	16970.71	16864.86

5. Foreign investments or collaborators, if any

Foreign investments in the Company as on March 31, 2013 are 23,63,281 Equity shares. These shares are held by FIIs and NRIs.

The Company has Technical Collaboration with Pangea Srl, Italy.

II. Information about the appointee

1. Background details

Sri R.K. Agarwal is a Science Graduate and is having more than three decades of experience in the spinning industry. He has been the founder-Managing Director of the Company. He is responsible for erecting and commissioning of over 2,00,000 spindles. He has also served on the board of three other companies engaged in cotton spinning. He has also been involved with the marketing of yarn in India and abroad. He is well versed with the international market scenario for textiles and related products as well. The Company has made very good progress under his guidance and supervision and the Company has embarked upon expansion to achieve a much higher growth rate.

2. Past remuneration

For the FY 2012-13 the remuneration paid to Sri R.K. Agarwal is as follows:

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri. R. K. Agarwal	Managing Director	24,00,000	14,95,050	-	38,95,050

3. Recognition or awards

In view of the vast experience in Textile industry Sri R.K. Agarwal was made the Honorary Chairman of Andhra Pradesh Spinning Mills Association.



4. **Job profile and his suitability**

Sri R.K. Agarwal holds a high-stress position based on full responsibility for the Company's operations. He handles detailed, complex concepts and problems, balances multiple tasks simultaneously and makes rapid decisions regarding administrative issues. He plans and implements programs, establishes strong and appropriate relationships with Board, Committees, staff and clients. He develops smooth and constructive relationships with executive colleagues, outside agencies, organizations and individuals. He Plans and meets deadlines. He demonstrates high degree commitment for Company's growth and development. Under his able guidance the Company is steering ahead even amidst of turbulent situations.

5. **Remuneration proposed**

In view of the Company's situation, the Board of Directors at their meeting held on May 28, 2013 have decided to pay remuneration as is being paid presently. Hence it is proposed to pay remuneration as recommended by the Board.

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Compared to the remuneration profile of position and person with respect to this Industry and size, he is entitled to the above remuneration.

7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any**

Sri R.K. Agarwal, Managing Director and Sri A.K. Agarwal, Executive Director, being a relative of the former, are the only persons having pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel.

III. **Other information**

1. **Reasons for loss or inadequate profits.**

The high and volatile raw material prices and adverse market conditions coupled with high input costs, shortage of power in Andhra Pradesh, power holidays, increased power costs and increasing interest rates have severally affected the margins resulting in very thin cash profits.

2. **Steps taken or proposed to be taken for improvement**

The Company has initiated steps such as better product mix, cost control and improving efficiency etc. Though, the prices of raw materials and products are influenced by external factors the Company is making all possible efforts to improve the margins.

3. **Expected increase in productivity and profits in measurable terms**

The Company is very mindful about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.

IV. **Disclosures**

The remuneration package along with the corresponding details payable to Sri R.K. Agarwal have already been mentioned earlier. The Report on Corporate Governance in the Annual Report indicates the remuneration paid to the managerial personnel as well as to all other Directors. There is no severance fee or stock option in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by the resolutions passed by Shareholders in General Meetings.

Sri R.K. Agarwal holds 22,31,086 Equity shares in the Company as on March 31, 2013.

The proposed re-appointment of Sri R.K. Agarwal has been approved by the Remuneration Committee at its meeting held on 28.05.2013. The Board recommends the resolution setout at item No.5 for your approval.

SURYAJYOTI SPINNING MILLS LIMITED



Item No. 6 & 7

The Members of the Company are informed that at the Annual General Meeting of the Company held on September 29, 2006, the Company had accorded its consent under Section 293 (1) (d) of the Companies Act, 1956, to the Directors for borrowing monies upto a limit of Rs. 300 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business). For meeting the operational requirements the Company may require additional funds and so it was felt necessary to authorize the Board of Directors to borrow further sums of money amounting in the aggregate to a sum of not more than Rs. 200 Crores, thereby raising the total borrowing limit from Rs. 300 Crores (Rupees Three Hundred Crores) to Rs. 500 Crores (Rupees Five Hundred Crores).

Section 293(1) (d) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of the Members in General Meeting, borrow money in excess of the aggregate of the paid-up capital and its free reserves i.e., reserves not set apart for any specific purpose .

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors shall not without the consent of the Members in a General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since the mortgaging of the properties in favour of financial institutions / banks amounts to disposing the assets of the Company, approval of the members under Section 293 (1) (a) is required and accordingly the resolution has been set forth under Item No.7.

The Directors commend the resolutions for Members approval. None of the Directors are concerned or interested in the resolution.

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

Place : Secunderabad
Date : 28.05.2013

Y. Srinivasulu Raju
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 89 years, is one of the most well known Film Artist in the Country having acted in more than 250 Films and has been recipient of prestigious National Award - Dada Saheb Phalke Award in 1990 and highest civilian honours – Padma Vibhushan in 2011, Padma Bhushan in 1988 and Padma Shri in 1968. A well-known Philanthropist, he is associated with several cultural and educational institutions in the State of A.P.

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

- | | | |
|---|---|----------|
| 1. Suryavanshi Spinning Mills Limited | - | Director |
| 2. Suryalakshmi Cotton Mills Limited | - | Director |
| 3. Annapurna Studios Pvt. Ltd., (Part IX) | - | Director |
| 4. Akkineni Arts Academy Pvt. Ltd., | - | Director |
| 5. Prasad Media Corporation Pvt. Ltd., | - | Director |

Dr. Akkineni Nageswara Rao is holding 1,000 shares in the Company as on March 31, 2013.



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 30th Annual Report together with the audited accounts for the financial year ended 31st March 2013.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	As at 31-03-2013	As at 31-03-2012
Gross Sales	40812	39015
Net Sales	40810	39010
Profit before		
Depreciation and taxes	5.93	621.56
Depreciation	2019	1918
Profit (Loss) before tax	(2013.24)	(1296.52)
Provision for Tax	-	-
Deferred Tax Liability (Asset)	(603.97)	(253.72)
Profit (Loss) after taxes	(1409.27)	(1042.80)
Add: Balance brought forward from last year	4050.97	5093.77
Add: MAT Credit Entitlement	-	-
Balance carried to Balance Sheet	2641.70	4050.97

OPERATIONS

Production:

During the current financial year your Company had produced 14,672 MTs of yarn and 103.07 lakh meters of fabric as against 15,906 MTs of yarn and 85.73 lakh meters of fabric in 2011-12.

Sales:

During the FY 2012-13, your Company made Net sales of Rs. 40,810 lakhs when compared to Rs. 39,010 lakhs for the year 2011-12. The Company had incurred net loss of Rs. 1409 lakhs during the year 2012-13, when compared to the net loss of Rs. 1043 lakhs during the year 2011-12. The main reasons for incurring net loss are steep power cuts and purchase of power from Indian Energy Exchange at higher rates compared to APSEB.

Dividend:

In view of the loss incurred, the Board of Directors of the Company expresses their inability to recommend any dividend for the year under review.

Capital Expenditure:

During the year under review your Company had incurred capital expenditure of Rs. 1681 lakhs.

Exports:

During the FY 2012-13 the FOB value of exports was Rs. 16,476 lakhs when compared with the exports of Rs. 16,971 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. A. Nageswara Rao and Sri Ankit Jain would retire at the ensuing Annual General Meeting. Dr. A. Nageswara Rao being eligible offers himself for re-appointment. Your Board of Directors recommends his re-appointment. Brief profile of Dr. A. Nageswara Rao has been provided elsewhere in this Annual Report.

Sri Ankit Jain retires by rotation but has shown his unwillingness for re-appointment due to pre-occupations. The Board places on record its sincere appreciation of the valuable services and co-operation extended by Sri Ankit Jain during his tenure as Director of the Company.

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 2013, 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 2013 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 forms part of this Annual Report.

Auditors:

M/s Brahmayya & Co., Chartered Accountants, the statutory auditors of the Company holds office upto the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment.

The Auditor's Report for the Financial Year 2012-13 is subject to qualification. The Auditor's qualification and the Management's response are provided in Annexure II.

Cost Auditors:

Pursuant to the provisions of section 233B of the Companies Act, 1956 and with the approval of the Central Government Mr. S.G. Ramakrishna, practising Cost Accountant has been appointed to conduct audit of cost records of all the units of the Company for the financial year ended 31st March 2013. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

The Cost Audit Reports for all the units of the Company for the year ended 31st March 2012 were filed with the Central Government on 1st January 2013.

Fixed Deposits:

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

Corporate Debt Restructuring:

The operations of the Company had come under strain since past two years due to various external factors. The Company had requested the Lenders for restructuring of term loans.

The request of the Company was referred to the Corporate Debt Restructuring Forum. Pursuant thereto, the CDR Empowered Group at their meeting held on February 15, 2013 approved restructuring package.

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

Place : Secunderabad
Date : 28.05.2013

A.K. AGARWAL
Executive Director



ANNEXURE – I TO THE DIRECTORS’ REPORT

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

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

Particulars	2012-13	2011-12
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased Unit (Nos.)	7,02,31,284	6,52,79,256
Total amount (Rs.)	36,62,16,825	23,74,09,737
Rate / Unit (Rs.)	5.21	3.64
b. Own Generation		
i) Through Diesel Generator		
Unit (Nos.)	10,23,692	48,980
Unit per Ltr. of Oil	2.90	3.02
Cost / Unit (Rs.)	16.44	13.66
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.)		
Electricity (No. of Units)		
Yarn (Kgs)	3.95	3.40
Fabric (Mtrs)	1.54	1.29
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others	Nil	Nil

FORM - B

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

- Specific areas in which R & D carried out by : The Company is having R&D in introduction and development of value added products.
- Benefits derived as a result of the above : New value added products were developed.
R & D
- 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.

Technology absorption, adaptation and innovation

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives Taken to increase Exports, development of new export markets for production and service and export plans. : The information on Foreign Exchange Earnings and outgo is furnished in Note 28 to Notes forming part of the financial statements.

For and on behalf of the Board of Directors

R.K. AGARWAL
Managing Director

Place : Secunderabad
Date : 28.05.2013

A.K. AGARWAL
Executive Director

Annexure – II – Qualification in Auditor’s Report

Auditor’s qualification:

The Auditors’ in their Report for the Financial Year ended 31st March, 2013 qualified for non-provision of fuel surcharge adjustment of Rs.10.44 Crores for the years April, 2010 to March, 2013.

Management’s response:

With regard to the Auditors’ qualification, the Company has filed writ petitions in the Hon’ble High Court of Andhra Pradesh challenging the levy of Fuel Surcharge Adjustment. The management is of the view that since the matter is subjudice, the provision is not made. The provision, if any, will be provided once the judgement is announced.



MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY REVIEW

Indian textiles industry is one of the leading sectors of Indian economy and contributes significantly to the country's industrial output (14%), employment generation (35 million in direct and another 20 million in indirect employment) and export earnings (17%). It contributes 4% to India's GDP. However consumer demand remained sluggish across the textile and apparel value chain in FY 2012-2013 due to high inflation and interest rates resulting in long periods of extended end-of-season sales, pressure on margins, thus impacting profitability. The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investments (FDI) worth Rs 5,674.45 crore (US\$ 1.04 billion) during April 2000 to February 2013.

B. COTTON AND YARN

The Textiles industry has witnessed an incipient turn around in financial year 2012-13 as cotton yarn prices have picked up and rupee depreciation has enhanced competitiveness. Cotton yarn production increased by about 15 per cent during March 2013 and by about 14 per cent during the year 2012-13. Blended and 100 per cent non-cotton yarn production increased by 10 per cent during March 2013 and production increased by 3 per cent during the year 2012-13. Total yarn production increased about 6.8% while total fabric production grew about 7.1% in 2012-13.

Cloth production by mill sector registered a growth of 19 per cent during year 2012-13. Cloth production by handloom and hosiery increased by 2 per cent and 14 per cent. The total cloth production grew by 1 per cent during March 2013 and by 4 per cent during year 2012-13.

C. OPERATIONAL AND FINANCIAL PERFORMANCE

During the Financial Year 2012-13 the Company had produced 6832 MTs of Cotton yarn, 8485 MTs of Synthetic Yarn and 103 Lakh meters of Fabric. Whereas during the Financial Year 2011-12 the production of Cotton Yarn was 4277 MTs, Synthetic Yarn was 10780 MTs and Fabric was 87 Lakh meters.

For the Financial Year 2012-13 the Net Sales of the Company were Rs. 40810 Lakhs when

compared to Rs. 39010 Lakhs for the Financial Year 2011-12. The Company has incurred net loss of Rs. 1409 Lakhs during the Financial Year 2012-13 when compared with net loss of Rs. 1043 Lakhs during the Financial Year 2011-12. The main reasons for incurring net loss are steep power cuts in the State of Andhra Pradesh and purchase of power from Indian Energy Exchange at higher rates.

During the F.Y. 2012-13 the Company has exported yarn valuing Rs. 11719 Lakhs and fabric valuing Rs. 3407 Lakhs when compared with the export of yarn valuing Rs. 13182 Lakhs and fabric valuing Rs. 2135 Lakhs during F.Y. 2011-12.

D. RISKS AND CONCERNS

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward. However, the major challenge that the textile and apparel industry is facing is increasing cost of production arising out of rising wages, high power and interest costs.

Availability of quality raw material and at competitive prices continuous to be a major factor of concern because India is basically an agrarian economy depending mostly on natural resources like water for its crops. The rising interest rates, increasing fuel prices, power shortage are causes of the concern for the industry as a whole.

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 periodically by the Audit Committee of the Board of Directors. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

F. OUTLOOK

Financial Year 2013-14 outlook for the Indian cotton textiles is "negative-to-stable" due to



subdued demand, though margins are likely to benefit from softening of raw material prices. A stable outlook on cotton and synthetic textiles would result from favourable policy environment, improvements in demand-supply position, continued stability in input costs and consequent improvement in margins/liquidity.

Muted international demand for cotton and surplus production are likely to keep cotton prices stable and range-bound during 2013-14. The Industry expects cotton yarn manufacturers to benefit from slow but steady pick-up in domestic demand, the likely higher demand of cotton yarn from China, and improving margins on account of low cotton prices and firm cotton yarn prices. Further Stability in cotton prices will enable spinning mills to better plan the inventory buying. However, spinners in Southern India continue to under-utilise capacity due to power shortage or incur high cost of self-generated power. Cotton outlook could be revised to negative if input costs turn volatile. Given the sector's high debt dependence for operational as well as capex needs, any volatility in EBITDA could lead to huge swings in leverage.

It is expected that the garment exporters' revenues to remain subdued because of the persistent economic slowdown in key export destinations of US and Europe and continuous deterioration in India's competitiveness in apparel exports. However, to offset the impact, it is noted that the Indian exporters are diversifying into other geographies.

It is unlikely that the sector's outlook will turn positive until fundamental issues such as power shortage, lack of technology and modern machinery and demand slowdown are resolved. However, foreign direct investment in retail is an opportunity that would unleash demand in the long run and offset any slowdown in exports.

More policy measures are required to revive liquidity and growth in the backdrop of a challenging operating environment since 2008. An additional 2% incentive is provided by the govt. for entities registering higher growth in exports. Other measures in the pipeline include talks with Europe for Zero import duty

on Indian imports which could provide a level playing field with countries such as Bangladesh in the long run. The Govt. has allocated Rs. 115.7 bn for the TUFs Scheme in the twelfth five year plan period (2012-17). This is likely to encourage investments in the sector especially in the areas of modernization, spinning and processing capabilities as well as for entering new markets/ products.

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 2013, the Company has about 1800 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 2013, 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 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 date of Board Meetings:

Five Board Meetings were held during the year FY. 2012-13. The Meetings were held on 30th May 2012, 14th August 2012, 9th November 2012, 13th February 2013 and 27th March 2013. 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 Directors	Number of Board Meetings attended during the year 2012- 2013	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	5	YES	1	-	1
Dr. Akkineni Nageswara Rao	5	NO	2	2	2
Sri A. K. Agarwal	5	YES	1	-	1
Sri Sanjeev Mitla	3	YES	1	1	-
Sri. Ankit Jain	1	NO	3	-	1
Sri. K. Harishchandra Prasad	5	NO	8	1	4

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 Limited Companies as at March 31, 2013.

The details of shares held by Directors as on 31-03-2013 are given below:

Name of Director	Number of Shares
Sri R. K. Agarwal	2231086
Dr. Akkineni Nageswara Rao	1000
Sri Sanjeev Mitla	2500
Sri K. Harishchandra Prasad	2200
Sri. Ankit Jain	100
Sri A. K. Agarwal	2125600

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 Chairperson:

- i) Sri Sanjeev Mitla - Chairman, Non-Executive & Independent
- ii) Dr. A. Nageswara Rao - Member, Non-Executive & Independent
- iii) Sri. Ankit Jain - Member, Non-Executive & Independent
- iv) Sri K. Harishchandra Prasad - Member, Non-Executive & Independent



c) Meetings and attendance during the year:

During the financial year 2012 -13, four Audit Committee Meetings were held - 30th May, 2012, 14th August, 2012, 9th November, 2012 and 13th February, 2013.

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

4. REMUNERATION COMMITTEE

a) Brief description of terms of reference:

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

b) Composition, Name of Members:

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

c) Meetings and attendance during the year

During the financial year 2012 - 13, no Remuneration Committee Meeting was held.

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 to the Directors during the year ended 31st March 2013 are furnished hereunder:

Name	Designation	Salary Commission (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri. R. K. Agarwal	Managing Director	24,00,000	14,95,050	-	38,95,050
Sri A. K. Agarwal	Executive Director	24,00,000	15,06,290	-	39,06,290
Dr. A. Nageswara Rao	Non-Executive Director	-	-	20,000	20,000
Sri Sanjeev Mitla	Non-Executive Director	-	-	12,000	12,000
Sri. Ankit Jain	Non- Executive Director	-	-	4,000	4,000
Sri. K. Harishchandra Prasad	Non-Executive Director	-	-	20,000	20,000

Directors' sitting fees is exclusive of Service Tax and TDS.



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 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 2012-13, 4 meetings were held.
- The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 30. No request for transfer is pending as on 31.03.2013.
- 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 2012-13	
		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

- Mr. Y. Srinivasulu Raju, 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
29th	2011-2012	Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, A.P.	28.09.2012	11.30 A.M.	Two
28th	2010- 2011	Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, A.P.	27.09.2011	11.30 A.M.	Two
27th	2009- 2010	Burgul Village, Farooqnagar Mandal, Mahabubnagar District 509 202, A.P.	31.08.2010	11.30 A.M.	One

For the year ended 31st March 2013, 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 2012-13, 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 Business Standard and Prajasakti.

There were no presentations made to the Institutional Investors or Analysts during the year 2012-2013. The Management Discussion and Analysis Report forms part of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting:**

Date : Saturday, the 28th day of September, 2013
Time : 11.30 a.m
Venue : Registered Office, Burgul Village, Farooqnagar Mandal, Mahabubnagar District – 509 202, A.P.

- b) **Financial Calendar (tentative) for F.Y. 2013-14:**

1st Quarterly Results - On or before 14th August, 2013
2nd Quarterly Results - On or before 14th November, 2013
3rd Quarterly Results - On or before 14th February, 2014
Annual Audited Results - On or before 30th May, 2014

SURYAJYOTI SPINNING MILLS LIMITED



c) Dates of Book Closure

25th September 2013 to 28th September 2013 (both days inclusive)

d) Dividend Payment Date

No dividend was recommended by the Board for the F.Y. 2012-13.

e) Listing on Stock Exchanges

The Company's Shares are listed on the following Stock Exchanges and the Listing fees for the year 2013-14 has been paid:

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

f) Stock Data

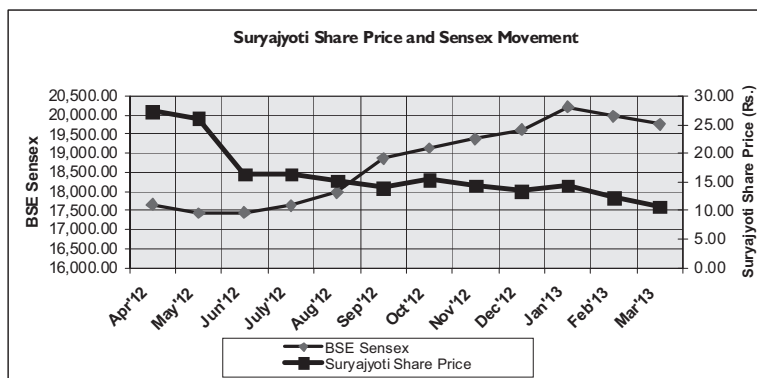
Monthly High and Low prices of Suryajyoti Spinning Mills Limited at National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) for the year ended 31st March, 2013 are furnished hereunder:

Month	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2012	27.35	17.00	27.15	16.00
May, 2012	26.10	14.70	26.10	15.00
June, 2012	16.35	12.80	16.00	12.80
July, 2012	16.30	12.80	15.70	12.50
August, 2012	15.15	10.51	15.45	10.70
September, 2012	14.00	10.50	14.00	10.60
October, 2012	15.40	12.60	17.40	12.10
November, 2012	14.39	11.01	14.35	11.10
December, 2012	13.40	11.05	14.25	11.00
January, 2013	14.39	11.20	15.00	11.15
February, 2013	12.25	9.00	12.45	8.65
March, 2013	10.60	7.50	11.50	8.10

SURYAJYOTI SPINNING MILLS LIMITED



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



g) Registrar & Transfer Agents

M/s. Karvy Computershare Private Limited,
Plot No.17 to 24, Vithal Rao Nagar,
Madhapur, Hyderabad-500081.
Tel. No. 040-23420815 to 24; Fax No. 040-23420814;
Toll Free No.18003454001
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

h) Share Transfer System

The share transfers are processed and the share certificates are returned to the shareholders within 15 days, subject to the documents being complete in all respects.

i) Distribution of shareholding as on 31st March 2013:

Shareholding of Nominal value	31st March 2013			
	Shareholders		Shares	
	Number	%	Amount (Rs.)	%
1 – 5000	16923	91.36	24548670	12.49
5001 – 10000	819	4.42	6784640	3.45
10001 – 20000	383	2.07	5900970	3.00
20001 – 30000	131	0.69	2961780	1.51
30001 – 40000	58	0.31	2058130	1.05
40001 – 50000	55	0.30	2565370	1.31
50001 – 100000	83	0.45	5956520	3.03
100001 and above	88	0.48	145785560	74.17
TOTAL	18524	100.00	196561640	100.00



j) Shareholding Pattern as on 31st March 2013:

Category	No. of shares	Percentage
Clearing Members	8774	0.04
Foreign Institutional Investors	1036608	5.27
HUF	481445	2.45
Indian Financial Institutions	637500	3.24
Bodies Corporates	878573	4.47
Non Resident Indians	1326673	6.75
Promoter Individuals	8111397	41.27
Resident Individuals	7169394	36.47
Directors and their Relatives	5800	0.03
TOTAL	19656164	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 86.27% of the Company's share capital have been dematerialized as on 31.03.2013.

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. Karvy Computershare Private Limited,

Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad-500081.

Tel. No. 040-23420815 to 24 ; Fax No. 040-23420814.

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

The Company Secretary,

Suryajyoti Spinning Mills Ltd.,

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

Ph: 040 – 27810086/27814265 ; E-mail: shares@suryajyoti.com

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

The Company 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 these, during the year 2010-11 (i.e., on 29th June 2010) 7,000 FCCBs of worth US\$ 7,000,000 were bought back by the Company 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 Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd. 2,500 FCCBs were outstanding as on 31/03/2013. As the operations of the Company had come under strain since past two years due to various reasons the Bonds could not be redeemed in time. Negotiations are under way between the Company and the Bondholders for redeeming the said outstanding FCCBs'.



m) Plant Locations

Makthal - Narayanpet Road, Makthal, Mahabubnagar District - 509 208, Andhra Pradesh.

Burgul Village - Farooqnagar Mandal, Mahabubnagar District - 509 202, Andhra Pradesh.

Rajapur Village - Balanagar Mandal, Mahabubnagar District - 509 202, Andhra Pradesh.

Kucherkal Village - Balanagar Mandal, Mahabubnagar District - 509 202, Andhra Pradesh.

n) Address for correspondence:

The Company Secretary

Suryajyoti Spinning Mills Ltd.,

105, 7th Floor, Surya Towers, S.P. Road, Secunderabad – 500 003, A.P.

Ph: 040 – 27810086/27814265 ; Fax: 040-27846837 ; E-mail: shares@suryajyoti.com

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, 2013, 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 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.000513S

Place : Hyderabad
Date : 28.05.2013

K.S.RAO
Partner
Membership No.15850



INDEPENDENT AUDITOR'S REPORT

To the Members of
SURYAJYOTI SPINNING MILLS LIMITED,
SECUNDERABAD.

Report on the Financial Statements:

We have audited the accompanying financial statements of **SURYAJYOTI SPINNING MILLS LIMITED,** SECUNDERABAD ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified Opinion:

The Company has not provided for the Fuel Surcharge Adjustment of Rs.10.44 Crores for the years April, 2010 to March, 2013 demanded by the Electricity Board. Accordingly, the net loss would increase and the shareholders funds would reduce to this extent.

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

SURYAJYOTI SPINNING MILLS LIMITED



Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm Regn.000513S

Place : Hyderabad
Date : 28.05.2013

K.S.RAO
Partner
Membership No.15850

Re: SURYAJYOTI SPINNING MILLS LIMITED, SECUNDERABAD.

Annexure referred to in paragraph 1 of our report of even date,

- 1
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified 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) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
 - b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the company.
 - c) During the year, the company has taken unsecured loans from 2 parties covered in the register maintained under section 301 of the companies Act 1956 and the maximum amount involved during the year was Rs. 4.29 crores.
 - d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act 1956 are not prima-facie prejudicial to the interests of the company.
 - e) The company is regular in payment of the principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services.
5.
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of textiles and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9.
 - a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 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 :

SURYAJYOTI SPINNING MILLS LIMITED



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 Court, Secunderabad
2.	Andhra Pradesh Value Added Tax, 2005;	VAT refund	10,11,307	2008-09	AP Sales Tax Appellate Tribunal

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 issued 10,00,000 – 10% cumulative preference shares of Rs.100/- each issued to the non-promoters of the Company.
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.**
Firm Registration No.000513S
Chartered Accountants.

(K.S.RAO)

Partner

Membership No.15850

Place : Hyderabad
Date : 28.05.2013

SURYAJYOTI SPINNING MILLS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2013

(Figures in Rs. Lakhs)

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	3,531.47	2,531.47
(b) Reserves and surplus	2	5,688.83	7,098.10
		9,220.30	9,629.57
2 Share Application Money Pending Allotment	3		1,305.00
		164.00	
3 Non-current liabilities			
(a) Long-term borrowings	4	17,101.60	14,136.15
(b) Deferred tax liabilities (Net)		195.01	798.99
(c) Long-term provisions	5	92.42	90.29
		17,389.03	15,025.43
4 Current liabilities			
(a) Short-term borrowings	6	11,314.52	11,350.87
(b) Trade payables	7	4,652.59	3,475.12
(c) Other current liabilities	8	4,159.06	4,296.34
(d) Short-term provisions	9	278.78	212.67
		20,404.95	19,335.00
TOTAL		47,178.28	45,295.00
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		25,650.72	25,370.78
(ii) Capital work-in-progress		-	617.62
(b) Non-current investments	11	20.76	20.76
(c) Long-term loans and advances	12	522.85	447.08
		26,194.33	26,456.24
2 Current assets			
(a) Inventories	13	9,674.11	8,702.52
(b) Trade receivables	14	5,423.14	4,287.04
(c) Cash and cash equivalents	15	304.69	946.23
(d) Short-term loans and advances	16	2,896.89	2,546.80
(e) Other current assets	17	2,685.12	2,356.17
		20,983.95	18,838.76
TOTAL		47,178.28	45,295.00
Notes on Accounts	27		
Accounting Policies	28		

The Notes referred to above form an integral part of the financial statements

As 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

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 28.05.2013

M Bala Guravaiah
Vice President (Finance)

Y. Srinivasulu Raju
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Figures in Rs. Lakhs)

PARTICULARS		Note No.	Current Year 31.03.2013	Previous Year 31.03.2012
I.	Revenue from operations	18	40,809.90	39,010.01
II.	Other income	19	884.89	1,236.30
III.	Total Revenue (I + II)		41,694.79	40,246.31
IV.	Expenses:			
	Cost of materials consumed	20	25,562.51	25,424.11
	Purchases of Stock-in-Trade		1,638.01	2,244.57
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(1,403.56)	(1,526.27)
	Employee benefits expense	22	2,599.83	2,278.42
	Finance costs	23	3,250.74	3,353.21
	Depreciation and amortization expense	24	2,019.17	1,918.08
	Other expenses	25	10,041.33	7,850.71
	Total expenses		43,708.03	41,542.83
V.	Profit / (Loss) before tax		(2,013.24)	(1,296.52)
VI.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax (Asset) / Liability		(603.97)	(253.72)
	(3) MAT Credit		-	-
	Sub-Total - Tax expense :		(603.97)	(253.72)
VII.	Profit (Loss) for the Year		(1,409.27)	(1042.80)
VIII.	Earnings per equity share (Amount in Rs.)			
	(1) Basic & Diluted	26	(7.17)	(5.61)
	Notes on Accounts	27		
	Accounting Policies	28		

The Notes referred to above form an integral part of the financial statements

As 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

R K Agarwal
Managing Director

A K Agarwal
Executive Director

Place : Hyderabad
Date : 28.05.2013

M Bala Guravaiah
Vice President (Finance)

Y. Srinivasulu Raju
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(Figures in Rs. Lakhs)

PARTICULARS	Year Ended 31.03 2013	Year Ended 31.03.12
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES		
Net Profit Before Taxation and Extraordinary Items	(2,013.25)	(1,296.50)
Adjustment for:		
Depreciation	2,019.17	1,918.08
Finance Charges	3,250.74	3,353.21
Interest Income	(78.27)	(39.60)
(Profit) / Loss on sale of Fixed Assets (Net)	-	4.67
Operating Profit Before Working Capital Changes	3,178.39	3,939.86
Adjusted for :		
Inventories	(971.57)	159.58
Trade and Other Receivables	(1,136.08)	685.48
Loans and Advances	(820.23)	(1,881.54)
Trade and Other Payables	3,031.64	936.77
Cash Generated From Operations	3,282.15	3,840.15
Direct taxes paid (net of refunds)	(15.64)	492.59
Net Cash inflow / (Outflow) in the Course of Operating Activities (A)	3,266.51	4,332.74
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(1,482.35)	(2,076.08)
Sale of Fixed Assets	-	7.31
Interest received	8.04	28.29
(Purchase) / Sale of Investments (NET)	-	500.00
Net Cash inflow / (Outflow) in the Course of Investing Activities (B)	(1,474.31)	(1,540.48)

SURYAJYOTI SPINNING MILLS LIMITED



CASH FLOW STATEMENT (CONTD..)

(Figures in Rs. Lakhs)

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Share Capital & Premium	1,000.00	108.30
Share Application Money	(1,141.00)	958.53
Proceeds from Long Term Borrowings	3,246.82	2,050.73
Proceeds from Bank Borrowings	195.51	1,217.15
Repayment of Long Term Borrowings	(3,165.42)	(2,731.97)
Hire purchase Loans taken	19.27	5.40
Commodity Funding from Banks	(236.87)	(1,093.52)
Hire purchase Loans paid	(19.04)	(27.91)
Increase / (Decrease) in unsecured loans	847.06	115.50
Finance Charges	(3,180.04)	(3,338.99)
Equity Dividends paid (including Tax on Dividend)	(0.03)	(0.01)
Net Cash inflow / (Outflow) in the Course of Financing Activities	(2,433.74)	(2,736.79)
D. NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(641.54)	55.47
	(A) + (B) + (C)	
Opening Balance of Cash and Cash Equivalents	946.23	890.76
Closing Balance of Cash and Cash Equivalents	304.69	946.23

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.

As 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 : 28.05.2013

M Bala Guravaiah
Vice President (Finance)

Y. Srinivasulu Raju
Company Secretary

SURYAJYOTI SPINNING MILLS LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	AS AT 31.03.2013		AS AT 31.03.2012	
	Number	Rs.	Number	Rs.
NOTE I : SHARE CAPITAL:				
Authorised				
Equity Shares of Rs.10 each	25,000,000	2,500.00	25,000,000	2,500.00
10% Cumulative Redeemable Preference shares of Rs. 100 each	2,000,000	2,000.00	1,000,000	1,000.00
	27,000,000	4,500.00	26,000,000	3,500.00
Issued				
Equity Shares of Rs.10 each	19,926,209	1,992.62	19,926,209	1,992.62
10% Cumulative Redeemable Preference shares of Rs. 100 each	1,564,250	1,564.25	564,250	564.25
	21,490,459	3,556.87	20,490,459	2,556.87
Subscribed & Paid up				
Equity Shares of Rs.10 each	19,656,164	1,965.62	19,656,164	1,965.62
10% Cumulative Redeemable Preference shares of Rs. 100 each	1,564,250	1,564.25	564,250	564.25
	21,220,414	3,529.87	20,220,414	2,529.87
Forfeited Shares :		1.60		1.60
Total	21,220,414	3,531.47	20,220,414	2,531.47

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

PARTICULARS	Equity Shares		Preference Shares	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Shares outstanding at the beginning of the year	19,926,209	19,926,209	564,250	564,250
Shares Issued during the year	-	-	1,000,000	-
Shares redeemed / bought back during the year	-	-	-	-
Shares outstanding at the end of the year	19,926,209	19,926,209	1,564,250	564,250

Details of Share Holders : Shares Holding more than 5% of Shares in the Company

Name of Shareholder	AS AT 31.03.2013		AS AT 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Ravinder Kumar Agarwal	2231086	11.35	2231086	11.35
Arun Kumar Agarwal	2125600	10.81	2125600	10.81
Neha Agarwal	1365500	6.95	1365500	6.95
Pietro Valenti	1300200	6.61	1300200	6.61
Vijaylatha Jain	1248900	6.35	1248900	6.35
Mavi Investment Fund Limited	1036608	5.27	1036608	5.27



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

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	564.25	30-Mar-2011	29-Mar-2021
- Do -	1000.00	09-Nov-2012	08-Nov-2022

PARTICULARS	As at 31.03.2013	As at 31.03.2012
NOTE 2 : RESERVES & SURPLUS:		
a. State Subsidy		
At the commencement of the year	15.00	15.00
Closing Balance	15.00	15.00
b. Securities Premium Account		
At the commencement of the year	2,260.49	2,269.19
Add : On issue of Equity Shares	-	245.70
Less : Redumption Premium on FCCB's	-	254.40
Closing Balance	2,260.49	2,260.49
c. Capital Reserve		
At the commencement of the year	17.50	17.50
Closing Balance	17.50	17.50
d. General Reserve		
At the commencement of the year	754.14	754.14
(+) Current Year Transfer	-	-
Closing Balance	754.14	754.14
e. Surplus		
At the commencement of the year	4,050.97	5,093.77
Add : For the current year	(1,409.27)	(1,042.80)
Closing Balance	2,641.70	4,050.97
Total	5,688.83	7,098.10

NOTE 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT:

Current Year

Share Application money of Rs.164 lakhs is pending for allotment subject to approval of share holders and completion of formalities with Securities and Exchange Board of India and Stock Exchanges.

Previous year

Preference Share Application money of Rs.1,305 lakhs is pending for allotment subject to Increase of Authorised Capital, approval of share holders and completion of formalities with Securities and Exchange Board of India and Stock Exchanges.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
NOTE 4 : LONG TERM BORROWINGS:		
(a) Secured		
(i) Rupee Term loans :		
From Banks		
State Bank of India		
(a) Term Loan - 1 TUF Scheme -I	-	-
(b) Term Loan - 2 TUF Scheme -I	1,986.59	1,918.00
(c) Term Loan - 3 TUF Scheme -I	2,349.65	2,264.50
(d) Term Loan - 4 (Working Capital Term Loan)	901.00	-
State Bank of Hyderabad		
(e) Term Loan - 1 TUF Scheme -I	2,279.28	2,168.72
(f) Term Loan - 2 (Working Capital Term Loan)	180.00	-
IDBI Bank Ltd.,		
(g) Term Loan - 1 TUF Scheme - I	416.87	333.28
(h) Term Loan - 2 TUF Scheme - I	721.44	640.00
(i) Term Loan - 3	1,188.18	1,200.00
(j) Term Loan - 4 (Working Capital Term Loan)	214.00	-
Indian Overseas Bank Ltd.,		
(k) Term Loan - 1	616.73	525.00
(l) Term Loan - 2 TUF Scheme -II	341.61	337.81
(ii) Foreign Currency Loans :		
Indian Overseas Bank - ECB	1,508.59	2,042.96
(iii) Buryer Credit From		
(a) SBI Tokyo	593.78	-
(b) SBI Frankfurt	42.99	-
(c) SBI Singapore	-	-
(d) SBI Ramat - Gen	-	-
(e) SBI Hongkong	-	-
(iv) Recompense Amount Payable (CDR)		
	121.43	-
Total	13,462.14	11,430.27

- The Loans referred at (a) to (b), (e) to (i), (k) & (l) above are secured by mortgage of (present & future) movable and immovable properties of the Company on first charge pari passu basis and guaranteed by two Directors of the Company in their personal capacities.
- The Loan referred at (c) & (d) above is secured by mortgage of the fixed assets created by virtue of proposed term loan for the present movable and immovable properties of the Company on first charge pari passu basis and Pledge of 5,00,000 shares from the Promotors on Pari passu basis.
- The Loan referred to in (j) above is secured by hypothecation of specified plant and machinery as per the scheme and guaranteed by two Directors of the Company.
- The Loan referred to in (ii)-(a) are secured by Second charge on block assets of the company on pari passu basis with other banks holding second charge.

SURYAJYOTI SPINNING MILLS LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

Terms of Repayment (As per CDR):

PARTICULARS	Sanction Date	Rate of Interest	Quarterly Instalments
State Bank of India			
Term Loan - 1	22.02.2005	17.25%	20
Term Loan - 2	26.03.2013	15.56%	36
Term Loan - 3	26.03.2013	15.36%	36
Term Loan - 4	26.03.2013	10.50%	28
State Bank of Hyderabad			
Term Loan - 1	26.03.2013	16.35%	36
Term Loan - 2	26.03.2013	10.50%	28
IDBI Bank Ltd.,			
Term Loan - 1	21.03.2013	12.00%	28
Term Loan - 2	21.03.2013	12.00%	28
Term Loan - 3	21.03.2013	12.00%	20
Term Loan - 4	21.03.2013	11.50%	28
Indian Overseas Bank Ltd.,			
Term Loan - 1	25.02.2013	14.25%	28
Term Loan - 2	25.02.2013	15.38%	28
Indian Overseas Bank Ltd., - (ECB)	25.02.2013	6 MONTHS LIBOR + 500 BASIS POINTS	20

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
(b) Other loans and advances		
Vehicle Hire Purchase Loan	6.90	11.67
Hire Purchase Loan above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company		
Terms of Repayment : Monthly instalments		
Total	6.90	11.67
(c) Unsecured		
Other Long Term Borrowings		
Unsecure Loan from Promoter	336.00	-
Unsecure Loan from Corporate Bodies	1,013.19	400.00
Foreign Currency convertible Bonds	1,322.70	1,322.70
Deferred Sales Tax Liability *	960.67	971.51
Total	3,632.56	2,694.21
Grand Total	17,101.60	14,136.15

* 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.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

Interest free Sales tax loan from Andhra Pradesh State Government amounting to Rs.960.68 Lakhs is repayable as under :

Year of Payment	TOTAL (Rs.)
2014-2015	63.87
2015-2016	69.59
2016-2017	120.52
2017-2018	115.66
2018-2019	137.10
2019-2020	160.44
2020-2021	199.14
2021-2022	74.87
2022-2023	11.78
2023-2024	7.71
TOTAL	960.67

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
NOTE 5 : LONG TERM PROVISIONS:		
(a) Provision for employee benefits		
Gratuity (unfunded)	92.42	90.29
Total	92.42	90.29
NOTE 6 : SHORT TERM BORROWINGS:		
I. Secured		
(a) Loans repayable on demand from banks		
(i) State Bank of India		
Cash Credit	7,093.99	7,070.77
(ii) State Bank of Hyderabad		
Cash Credit	1,562.67	1,247.06
(iii) IDBI Bank Ltd.		
Cash Credit	1,834.34	1,977.66
(b) Commodity Funding		
(i) IDBI Bank Ltd.	801.39	830.22
(ii) Axis Bank	-	208.03
	11,292.39	11,333.74
All Working Capital Loans are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company on pari-passu basis and further guaranteed by two Directors of the Company in their personal capacities.		
2. Other loans and advances		
Vehicle Hire Purchase Loan	22.13	17.13
Total	22.13	17.13
Grand Total	11,314.52	11,350.87
NOTE 7 : TRADE PAYABLES:		
Micro, Small and Medium Enterprises	13.19	9.23
Others	4,639.40	3,465.89
Total	4,652.59	3,475.12



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
NOTE 8 : OTHER CURRENT LIABILITIES:		
(a) Current maturities of long-term debt		
(i) Rupee Term loans		
From Banks		
State Bank of India		
Term Loan - 1 TUF Scheme -I	-	228.03
Term Loan - 2 TUF Scheme -I	4.00	586.62
Term Loan - 3 TUF Scheme -I	4.00	576.19
State Bank of Hyderabad		
Term Loan - 1 TUF Scheme -I	4.00	549.18
IDBI Bank Ltd.,		
Term Loan - 1 TUF Scheme - I	4.00	166.68
Term Loan - 2 TUF Scheme - I	4.00	170.39
Term Loan - 3	-	13.46
Term Loan - 4 (Working Capital Loan)	0.20	-
Indian Overseas Bank Ltd.,		
Term Loan - I	-	310.57
(ii) Foreign Currency Loans :		
Indian Overseas Bank - ECB	670.49	521.29
(iii) Buyer Credit From		
(a) SBI Singapore	190.57	-
(b) SBI Ramat - Gan, Israel	195.03	-
(c) SBI Hongkong	95.64	-
(iv) Recompense Amount Payable (CDR)	-	-
Total	<u>1,171.93</u>	<u>3,122.41</u>
(b) Interest accrued but not due on borrowings	128.86	58.15
(c) Unpaid dividends	25.37	25.40
(d) Creditors for Capital Purchases	48.64	96.48
(e) Other payables	1,120.40	545.30
(f) Other payables - Statutory dues	15.62	14.72
(g) Advances received against sales	1,637.25	331.60
(h) Sales tax deferment payable	10.99	102.28
Total	<u>2,987.13</u>	<u>1,173.93</u>
Grand Total	<u>4,159.06</u>	<u>4,296.34</u>
NOTE 9 : SHORT TERM PROVISIONS:		
Provision for employee benefits		
Salary & Reimbursements	190.05	148.09
Contribution to PF & ESI	17.39	16.16
Bonus Payable	71.34	48.42
Total	<u>278.78</u>	<u>212.67</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10 : FIXED ASSETS :

(Figures in Rs. Lakhs)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 01.04.2012	Additions	Disposals	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation charge for the year	On disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
	01.04. 2012	31.03. 2013	01.04.2012	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2012
a										
Tangible Assets										
Land	394.12	0.69	-	394.81	-	0.00	-	-	394.81	394.12
Buildings :										
Factory Buildings	3,362.92	-	-	3,362.92	617.44	112.32	-	729.76	2,633.16	2,745.48
Non-Factory Buildings	3,032.49	134.40	-	3,166.89	231.26	50.44	-	281.70	2,885.19	2,801.23
Township	-	-	-	-	-	-	-	-	-	-
Plant and Equipment :										
Workshop Equipment	73.45	1.85	-	75.30	22.73	3.56	-	26.29	49.01	50.72
Plant and Machinery	25,700.72	2,045.26	-	27,745.98	8,265.58	1,696.46	-	9,962.04	17,783.94	17,435.12
Diesel Generator Sets	246.79	-	-	246.79	238.83	1.19	-	240.02	6.77	7.96
Caustic Recovery Plant	143.96	-	-	143.96	16.83	6.85	-	23.68	120.28	127.13
Testing Equipment	234.02	3.50	-	237.52	61.23	11.23	-	72.46	165.06	172.79
Electrical Installations	1,333.09	40.84	-	1,373.93	379.73	64.46	-	444.19	929.74	953.35
Weighing Machines	19.81	0.37	-	20.18	6.70	0.95	-	7.65	12.53	13.12
Water Works	46.85	2.08	-	48.93	11.94	2.24	-	14.18	34.75	34.92
Effluent Treatment Plant	431.96	31.50	-	463.46	44.48	21.49	-	65.97	397.49	387.47
Furniture and Fixtures	131.99	1.39	-	133.38	72.14	8.16	-	80.30	53.08	59.85
Vehicles	271.90	27.01	-	298.91	112.86	27.52	-	140.38	158.53	159.05
Data Processing Equipment	98.15	10.21	-	108.36	69.67	12.31	-	81.98	26.38	28.47
Total	35,522.22	2,299.10	-	37,821.32	10,151.44	2019.17	-	12,170.60	25,650.72	25,370.78
b										
Capital Work In Progress	617.62	1,681.48	2,299.10	-	-	-	-	-	-	617.62
Total	617.62	1,681.48	2,299.10	-	-	-	-	-	-	617.62
Total (a+b)	36,139.84	3,980.58	2,299.10	37,821.32	10,151.44	2,019.17	-	12,170.60	25,650.72	25,988.40
Less: Internal Transfer	2,299.10	2,299.10	2,299.10	-	-	-	-	-	-	-
Total	36,139.84	1,681.48	-	36,139.84	8,253.51	1,918.08	20.13	10,151.46	25,988.38	25,953.02
Previous Year	34,206.54	1,965.42	32.12	36,139.84	8,253.51	1,918.08	20.13	10,151.46	25,988.38	25,953.02



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
NOTE 11 : NON-CURRENT INVESTMENTS:		
At Cost - Non-Trade - Unquoted :		
Investment in Equity instruments		
2600 Equity shares @ Rs.10 each in Regent Clothing (P) Ltd.,	0.26	0.26
205000 Equity shares @ Rs.10 each in Pangea Fabrics (P) Ltd.,	20.50	20.50
Total	20.76	20.76
(Aggregate amount of unquoted investments - Rs.20,76,000)		
NOTE 12 : LONG TERM LOANS AND ADVANCES:		
a. Deposits Recoverable		
(Unsecured considered good)		
(Telephone, APSEB Electricity, Coal Deposit & other deposits)	522.73	446.96
b. Security Deposit		
(Secured, considered good)		
	0.12	0.12
(NSC pledged as security for Rs.5500/- with Sales Tax Dept.)		
Total	522.85	447.08
NOTE 13 : INVENTORIES:		
(Valued and certified by the Management)		
a. Raw Materials	1,371.01	2,920.37
(Valued at cost on weighted average basis)		
b. Stores and spares	1,796.42	679.03
(Valued at cost on FIFO Basis)		
c. Finished goods	3,280.88	2,453.66
(Valued at lower of cost or net realisable value basis)		
d. Work-in-progress	3,216.64	2,641.72
(Valued at lower of cost or net realisable value basis)		
e. Others - Cotton & PV Waste (at realisable value)	9.16	7.74
Total	9,674.11	8,702.52
Details of Raw Material :		
Cotton	458.60	1,921.69
Polyster Staple Fibre	86.77	269.54
Viscose Staple Fibre	2.41	46.02
Yarn	97.07	364.58
Grey Fabric	726.16	318.54
Total	1,371.01	2,920.37



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
NOTE 14 : TRADE RECEIVABLES:		
Receivables for a period exceeding six months		
Unsecured, considered good	187.87	205.54
	<u>187.87</u>	<u>205.54</u>
Receivables for a period less than six months		
Unsecured, considered good	5,235.27	4,081.50
	<u>5,235.27</u>	<u>4,081.50</u>
Total	<u>5,423.14</u>	<u>4,287.04</u>
NOTE 15 : CASH AND CASH EQUIVALENTS:		
a. Cash on hand	25.95	14.29
b. Balances with Banks		
With Scheduled Banks	19.45	690.29
c. Balance with Banks against Dividends payments	25.30	25.41
d. Balance with Banks against Margin Money / Guarantees	233.99	216.24
Total	<u>304.69</u>	<u>946.23</u>
NOTE 16 : SHORT-TERM LOANS AND ADVANCES:		
(Unsecured considered good)		
a. Advances for Capital purchases	156.81	308.10
b. Advances for purchases of Raw Material & Stores	2,268.34	1,909.68
c. Advances to Staff	42.15	43.75
d. Other Advances	429.59	285.27
e. Loans to Bodies Corporate	-	-
Total	<u>2,896.89</u>	<u>2,546.80</u>
Disclosure pursuant to Note no.R (iv) of Part I of Schedule VI to the Companies Act, 1956		
Other officers of the Company *	42.15	43.75
Total	<u>42.15</u>	<u>43.75</u>
NOTE 17 : OTHER CURRENT ASSETS:		
TED Refund receivable	54.31	54.79
Interest subsidy receivable	266.16	278.60
Power Rebate Receivable	884.62	487.71
Export Benefit Entitlement Receivable	545.86	477.05
Electricity Charges Receivables	-	-
Pre-paid expenses	30.43	95.63
Excise Duty Refund Receivable	44.85	117.10
Balance With Central Excise Department	59.51	100.50
Accrued interest	111.01	40.79
Advance Tax (Net of Provision for Tax)	688.37	704.00
Total	<u>2,685.12</u>	<u>2,356.17</u>

SURYAJYOTI SPINNING MILLS LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 18 : SALE OF PRODUCTS:		
Yarn	25,992.02	27,571.53
Fabric	13,617.35	10,484.43
Waste	1,202.59	958.71
Total Gross Sales	40,811.96	39,014.67
Less:		
Excise duty	2.06	4.66
Total Net Sales	40,809.90	39,010.01

NOTE 19 : OTHER INCOME:

Interest Income	78.27	39.60
Dividend Income	0.05	0.65
Export benefit Entitlement	802.27	1,019.34
Excess provisions written back	3.46	3.61
Profit on sale of Vehicle	-	0.87
Profit on sale of Raw Material	0.07	-
Processing Charges	0.77	-
Commission Received	-	169.73
Miscellaneous Receipts	-	2.50
Total	884.89	1,236.30

NOTE 20 : COST OF MATERIALS CONSUMED:

Opening Stocks	2,920.37	4,902.33
Add : Purchases	24,013.15	23,634.98
	26,933.52	28,537.31
Less : Cost of Raw materials sold	-	2,920.37
Less : Closing Stocks	1,371.01	192.83
Total Cost of Materials consumed :	25,562.51	25,424.11

Details of Raw Material Consumed :

Cotton	9,490.90	7,375.40
Polyster Staple Fibre	8,747.60	11,084.66
Viscose Staple Fibre	7.38	754.12
Yarn	2,471.98	1,530.27
Grey Fabric	4,844.65	4,679.66
Total	25,562.51	25,424.11

Percentage of Imported and Indigeneous Raw Materials consumed :

Indigeneous	96.77%	24,736.51	97.78%	24,859.10
Imported	3.23%	826.00	2.22%	565.01
Total	100.00%	25,562.51	100.00%	25,424.11

SURYAJYOTI SPINNING MILLS LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE: (INCREASE)/DECREASE IN STOCKS		
OPENING STOCKS:		
Yarn	615.73	702.79
Fabric	1,837.93	1,329.52
Work-in-process	2,641.72	1,536.06
Waste	7.74	8.48
	5,103.12	3,576.85
CLOSING STOCKS:		
Yarn	927.36	615.73
Fabric	2,353.52	1,837.93
Work-in-process	3,216.64	2,641.72
Waste	9.16	7.74
	6,506.68	5,103.12
(INCREASE)/DECREASE IN STOCKS	(1,403.56)	(1,526.27)
 NOTE 22 : EMPLOYEE BENEFITS EXPENSE:		
(a) Salaries, Wages and Bonus.	2,341.38	1,996.77
(b) Contributions to Funds	95.61	95.16
(c) Gratuity fund contributions	8.67	29.95
(d) Staff welfare expenses	154.17	156.54
Total	2,599.83	2,278.42
 NOTE 23 : FINANCE COST:		
Interest expense	2,697.48	3,137.46
Other borrowing costs	553.26	215.75
Total	3,250.74	3,353.21
 NOTE 24 : DEPRECIATION EXPENSE:		
Depreciation	2,019.17	1,918.08
Total	2,019.17	1,918.08



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	Current Year 31.03.2013	Previous Year 31.03.2012		
NOTE 25 : OTHER EXPENSES:				
Stores Consumed *	3,160.51	2,924.80		
Power & Fuel	3,830.45	2,402.54		
Processing & Conversion Charges	404.10	236.40		
Repairs to : Buildings	6.35	15.36		
Machinery	35.82	37.35		
Other Assets	27.01	26.13		
Rent	6.05	6.05		
Security Charges	43.21	41.19		
Rates & Taxes	331.14	284.15		
Printing & Stationery	37.49	31.59		
Postage, Telegrams & Telephones	35.77	42.93		
Travelling & Conveyance	208.04	175.04		
Commission on Sales	326.37	206.64		
Expenses on Sales	1,173.92	1,011.09		
Managerial remuneration	78.01	75.08		
Directors' Sitting fees	0.66	0.67		
Insurance	38.58	24.40		
Advertisements	1.09	2.80		
Payment to Auditors				
As Auditor	1.12	1.12		
For Taxation Matters	0.34	0.34		
For Certification	0.67	0.67		
Cost Audit Fee	0.19	0.19		
Legal & Professional Charges	80.68	36.33		
Vehicle Maintenance	48.58	47.26		
Miscellaneous Expenses	154.32	144.52		
Donations	1.53	1.47		
Loss on sale of Vehicles	-	4.67		
Loss on sale of Raw Material	-	24.69		
Exchange Variance (Net)	9.33	45.24		
Total	10,041.33	7,850.71		
* Details of Stores Consumed				
Stores & Spare parts consumption :				
Consumable Stores	874.63	761.86		
Dyes and Chemicals	1,279.04	1,223.84		
Coating and Pigments	159.55	113.64		
Paddy & Groundnut Husk	333.97	330.35		
Packing Material Consumed	513.32	495.11		
Total	3,160.51	2,924.80		
Percentage of Imported and Indigeneous Stores & spare parts consumption :				
Indigeneous	96.85%	3,060.99	94.12%	2,752.73
Imported	3.15%	99.52	5.88%	172.07
Total	100.00%	3,160.51	100.00%	2,924.80



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

PARTICULARS	Current Year 31.03.2013	Previous Year 31.03.2012
NOTE 26 : EARNING PER SHARE (EPS):		
Net Profit after tax as per statement of Profit & Loss attributable to equity share holders	(1,409.27)	(1,042.78)
Weighted average Number of Equity Shares used as Denominator for Calculating EPS	19,926,209	18,572,071
Basic & Diluted Earning Per Share (Rs.)	(7.17)	(5.61)
Face Value per Equity Share (Rs.)	10.00	10.00

Notes forming part of Balance Sheet as at 31st March, 2013 and Profit and Loss Statement for the year ended on that date

NOTE 27 :

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
I Contingent Liabilities not provided for		
a. Contracts to be executed on capital accounts.	277.92	712.81
b. Against Foreign & Inland Letters of Credit	555.29	0.00
c. Against Bank Guarantees	0.00	5.58
d. Fuel Surcharge Adjustment under dispute with APCPDCL	1044.29	260.13
e. APSEB Liability under dispute	12.78	12.78
f. APGST under dispute with BPCL	12.21	12.21
g. Preference Share Dividend	152.03	56.43
2 Value of Imports (CIF BASIS) in respect of		
a. Rawmaterials	847.53	565.01
b. Stores & Spares	99.52	172.07
c. Plant & Machinery	783.17	281.18
3 Expenditure in Foreign Currency during the year on Account of		
a. Commission on Exports	241.13	121.92
b. Foreign Travel	137.47	153.27
c. Interest Payments	103.31	104.17
d. Repayment of Loans	561.41	293.47
4 Earnings in Foreign Exchange		
FOB Value of Exports	16476.46	16970.71
5 Trade Payables - Micro , Small and Medium Enterprises :		
A. Trade Payables includes (i) Rs. Nil (Previous Year Rs. Nil) due to Micro and small enterprises for a period Exceeding 30 Days registered under the Micro, Small and Medium Enterprises development Act, 2006 (MSIME)		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs. Lakhs)

- B. No Interest is paid / Payable during the year to any enterprise registered under the MSMIE.
- C. The Above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSIME.

6 Related Party Disclosure

Related party disclosure as required by AS-18 "Related party disclosure" are given under:

Name of the Party	Relationship	Nature of Transaction	Current Year	Previous Year
R.K. Agarwal	Managing Director	Remuneration	38.95	39.07
A.K. Agarwal	Executive Director	Remuneration	39.06	36.01
Smt Neha Agarwal	Spouse of E.D	Salary	11.57	8.47
Smt Umabhai Agarwal	Spouse of M.D	Rent	6.00	6.00
M/s. Suryalakshmi Cotton Mills Limited	Enterprises in which relatives of Key Management Personnel are Interested	Purchase of Yarn	-	96.75
		Industrial waste sales	1.02	-
		Interest	17.40	-
		Sale of RM	63.27	49.33
		Purchase of RM	61.99	49.33
		Advance Received for Supply of Yarn	500.00	-
M/s. Suryavanshi Spinning Mills Limited	Enterprises in which relatives of Key Management Personnel are Interested	Purchase of Yarn	354.88	-
		Sale of waste	58.56	-

7 Composition of Net Deferred Tax Liability

PARTICULARS	Current Year	Previous Year
DEFERRED TAX LIABILITIES		
Depreciation	477.83	1081.81
Deferred Revenue Expenses	-	-
	<u>477.83</u>	<u>1081.81</u>
DEFERRED TAX ASSETS		
Unabsorbed Depreciation	262.06	262.06
Benefits for Employees	20.76	20.76
Others	-	-
	<u>282.82</u>	<u>282.82</u>
Deferred Tax Liability (Net)	<u>195.01</u>	<u>798.99</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 8 In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.
- 9 Vide Notification No.30/09.07.2004 of the Central Excise Department, we can opt for zero rate of duty by not taking Cenvat credit on Inputs and vide Tariff rate (Previous year under Notification No.29/09.07.2004) of Central Excise Department option can be exercised for payment of duty on Final products by taking credit on inputs and capital items. Accordingly in case of Cotton yarn the Company has opted for Zero rate of duty and not availed Cenvat credit on the purchase of inputs and capital items, where as in case of Polyester yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyester yarn meant for export, and cleared the material for export on payment of duty.

10 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.

(Figures in Rs. Lakhs)

PARTICULARS	AS ON 31.03.2013	AS ON 31.03.2012
Profit & Loss Account		
Current Service Cost	9.20	9.77
Interest Cost on benefit obligation	7.22	5.34
Expected return on plan assets	NIL	NIL
Net Actuarial (gain) Loss recognized in the year	(14.29)	8.39
Past services cost	NIL	NIL
Net Benefit Expenses	2.14	23.50
Actual return on plan assets		
Balance Sheet		
Details of Provision for Gratuity		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	90.29	66.79
Interest cost	7.22	5.34
Current services cost	9.20	9.77
Benefits paid	0.00	0.00
Actuarial (gains) / Losses on obligation	(14.29)	8.39
Closing defined benefit obligation	92.42	90.29
Assumptions		
Salary Rise	4%	4%
Attrition rate	6%	6%
Discount rate	8%	8%



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 11 Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2013 are prepared under Revised Schedule VI. Accordingly, the Previous year's figures also have been reclassified to confirm to this year's classification.
- 12 The Company approached the lenders to restructure the term loans under Corporate Debt Restructuring Scheme (CDR) as the Company is facing the liquidity problems in view of external problems of steep power cuts of 4 days in a week imposed by government of Andhra Pradesh and volatility in raw material prices etc. Corporate Debt Restructuring Empowered Group approved the relief package at their meeting held on 15.02.2013. The lenders have since implemented the CDR package.
- 13 The Company has not provided for Fuel Surcharge Adjustment charges of Rs.10.44 Crores for the Financial Years April, 2010 to March, 2013 since the Company filed writ petitions with the Hon'ble High Court of Andhra Pradesh challenging the levy of Fuel Surcharge Adjustment by Andhra Pradesh Electricity Regulatory Commission.
- 14 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 these, during the year 2010-11 (i.e., on 29th June 2010) 7,000 FCCBs of worth US\$ 7,000,000 were bought back by the Company 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 Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd. 2,500 FCCBs were outstanding as on 31/03/2013. As the operations of the Company had come under strain since past two years due to various reasons the Bonds could not be redeemed in time. Negotiations are under way between the Company and the Bondholders for redeeming the said outstanding FCCBs'.

SIGNIFICANT ACCOUNTING POLICIES

NOTE NO. 28

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 Raw materials 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 as 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, whichever is lower.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6 Contingent Liabilities:

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

7 Employee Benefits :

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

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

8 Sales:

Sales 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 Note 1 to 29

As per our report of even Date
for Brahmaya & 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 : 28.05.2013

M Bala Guravaiah
Vice President (Finance)

Y. Srinivasulu Raju
Company Secretary



SURYAJYOTI SPINNING MILLS LIMITED

Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202 A.P.
Corporate Office: 7th Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad - 500 003, A.P.

ATTENDANCE SLIP

30th Annual General Meeting, 28th September, 2013 at 11.30 A.M

Regd. Folio No.	
No. of Shares held	

* DP ID:	
* Client ID:	

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

I hereby record my presence at **30th Annual General Meeting** of the Company at Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, 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.



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PROXY FORM

30th Annual General Meeting, 28th September, 2013 at 11.30 A.M

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 30th Annual General Meeting of the Company to be held at
Registered Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar District-509 202, A.P. on Saturday,
the 28th September, 2013 at 11.30 A.M. and at any adjournment thereof.

As witness my/our hand(s) this..... day of..... 2013.

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:

SURYAJYOTI SPINNING MILLS LIMITED

Corp. Office :

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

Ph : +91- 40-27810086 / 27898842 / 27814265

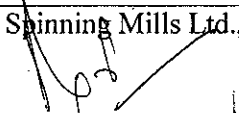

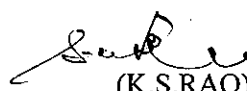
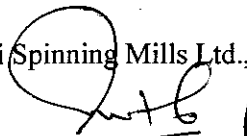
Fax : +91-40-27846837

e-mail : info@suryajyoti.com

website : www.suryajyoti.com

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Suryajyoti Spinning Mills Ltd.,
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Whether appeared first time (Yes)
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Auditor's qualification: The Auditors' in their Report for the Financial Year ended 31st March 2013 qualified for non-provision of fuel surcharge adjustment of Rs.10.44 Crores for the years April, 2010 to March, 2013. [Refer page no. 24 & 47 of Annual Report 2012-13]</p> <p>Management's response: With regard to the Auditors' qualification, the Company has filed writ petitions in the Hon'ble High Court of Andhra Pradesh challenging the levy of Fuel Surcharge Adjustment. The management is of the view that since the matter is subjudice, the provision is not made. The provision, if any, will be provided once the judgement is announced. [Refer page no. 12 of Annual Report 2012-13]</p>
6.	Additional comments from the board/audit committee chair:	-
7.	<p>To be signed by-</p> <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman" 	<p>For Suryajyoti Spinning Mills Ltd.,  R.K. Agarwal Managing Director</p> <p>For Suryajyoti Spinning Mills Ltd.,  M. Balaguravaiah Vice President – Finance</p> <p>For Brahmaya & Co., Chartered Accountants  (K.S.RAO) Partner</p> <p>For Suryajyoti Spinning Mills Ltd.,  Sanjeev Mitla Chairman – Audit Committee</p>

