



Suryalata Spinning Mills Limited

34th Annual Report 2016-17

**Steady Growth.
Business Excellence.**

The story of Suryalata Spinning Mills Limited

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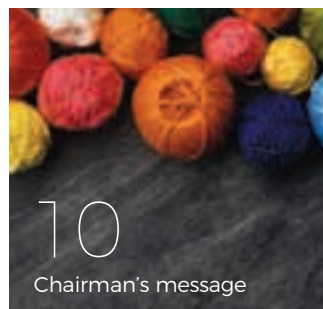
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This Report is also available online on www.suryalata.com

Forward-looking statements

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

In memoriam



**Pankhuri and
Yash Agarwal**

No one know how much we miss you,
No one knows the bitter pain
We have suffered since we lost you
Life has never been the same.
In our hearts your memory lingers,
Sweetly tender, fond and true.
Your divine vision will motivate us always
through the journey of success.
There is not a day,
That we do not think of you.

Team Suryalata

Growth is a relentless process. At no point can one afford to stagnate. Hence, this year too, we have kept our growth graph steady, with performances that have helped our company emerge as a sustainable one, even in the most challenging of times. Our strategies led us to outperform the market expectations and thereby stay true to the commitment made to our shareholders.

And in the process, we have set the ground for driving and enhancing our business excellence to higher horizons!

Growing Today. Charting Tomorrows.

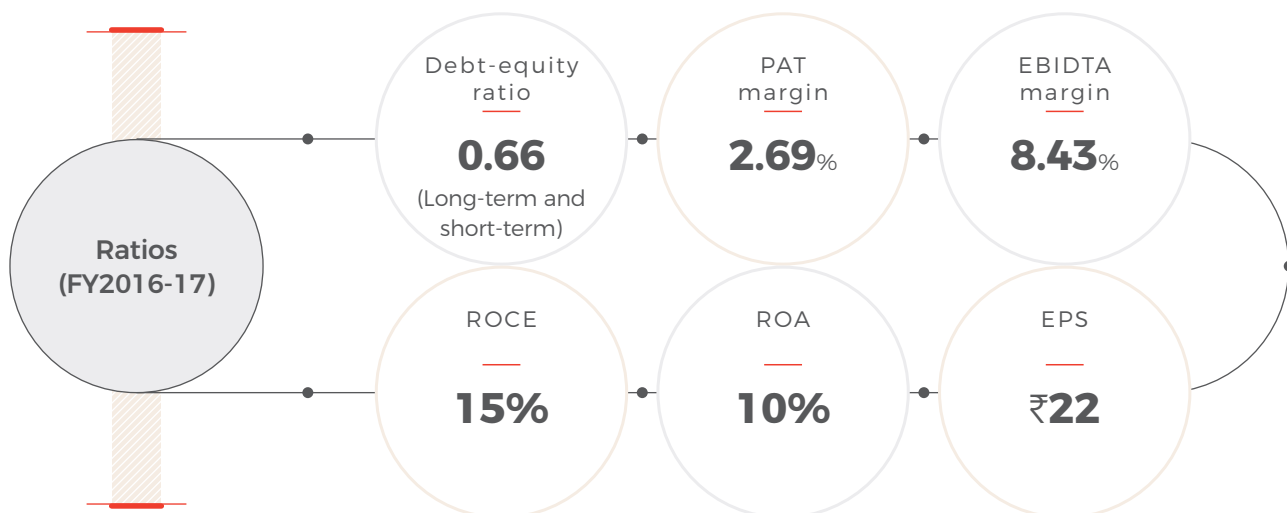
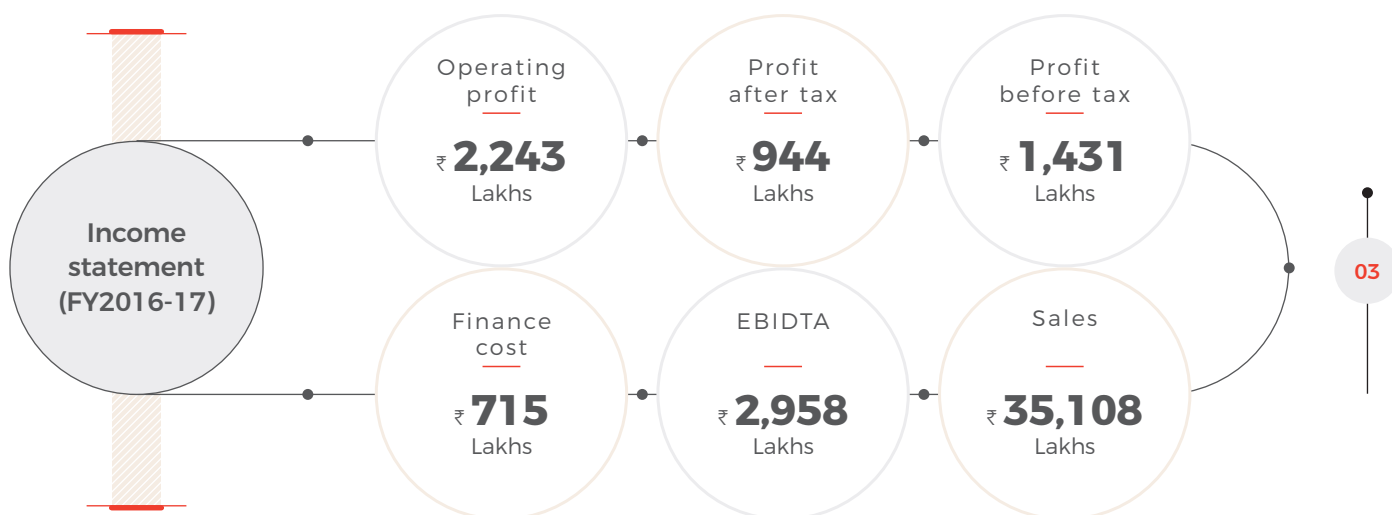
Suryalata's Performance in FY2016-17

We evaluate our performance and the strength of our business model. We have chosen to adopt this approach because these key performance indicators (KPIs) demonstrate

how we are creating value for our stakeholders. Our steady performance during FY2016-17 reflects that we were successful in terms of executing our strategies are en route towards

emerging as sustainable company. The fact that we were able to put up such a performance, withstanding sectoral weaknesses, reaffirms our faith on our business model.

Key performance indicators





Woven in Excellence. Driven to Succeed.

04

About Suryalata

Over the past three decades, Suryalata has cemented its reputation as one of India's leading textile companies. Operating primarily in the realm of synthetic ring spun yarns, the Company's success has been derived by operating responsibly, executing adeptly, manufacturing innovatively and capturing new opportunities. Mr. Vithaldas Agarwal (Managing Director) and Mr. Mahender Kumar Agarwal (Joint Managing Director) have ably managed to make Suryalata among the most respected and recognized yarn manufacturing companies in India. The Company constantly explores ways and means to enhance offtake, widen reach and deploy technologies that bolster cost-competitiveness. The result: Suryalata's clients list features some of the biggest names in the textile industry, both in India and abroad.

1,550

Employees (as on 31st March 2017)

9

Countries (Suryalata's presence)

4,025

Exports revenues (₹ Lakhs)

22,388

Gross block (₹ Lakhs)

91%

Capacity utilisation

48.62

Contribution (₹ per kilogram)

*All figures as on 31st March 2017

What we aim to do

Suryalata Spinning Mills Limited is committed to operate a successful business by developing, manufacturing, marketing and supporting quality yarn products for the world textile industry. The Company intends to do this by:

- Developing long-term relationships with our customers and suppliers
- Providing superior quality products at competitive prices
- Exceeding industry standards with exceptional customer and technical service
- Maintaining our competitive position through leading edge technology
- Providing a safe, fulfilling, and rewarding work environment for our employees
- Serving and supporting the communities in which we operate

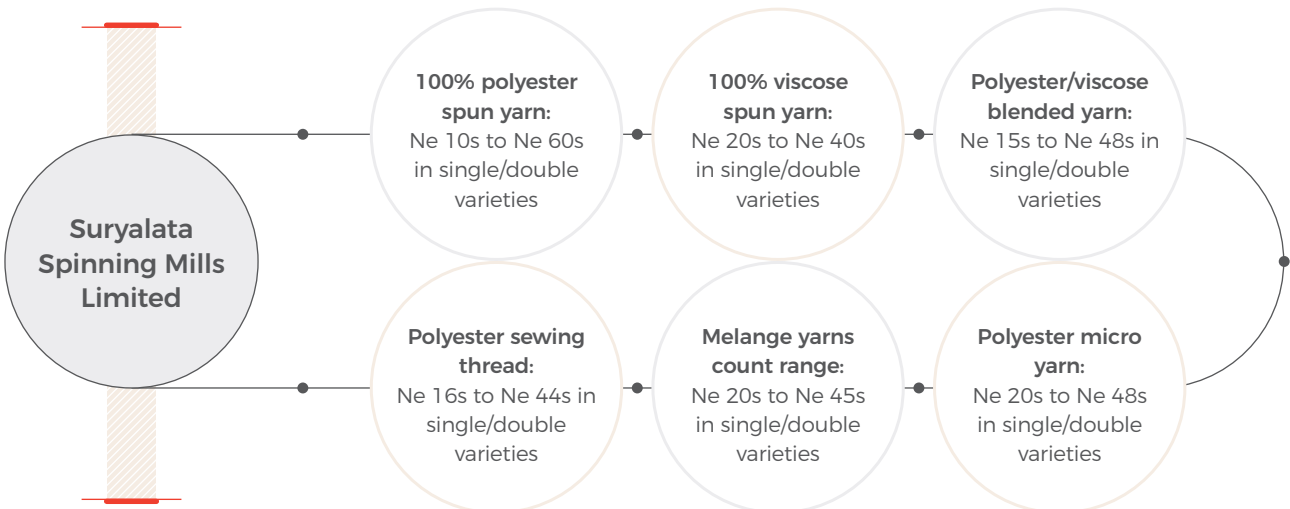
Where we are

Head quartered in Hyderabad, the Company has two manufacturing units located in Kalwakurthy and Urukondapet in Telangana with a production capacity of 93,264 spindles producing 25,000 kilo tonnes per annum of yarn.

The Company exports its products to more than 9 countries across the world.

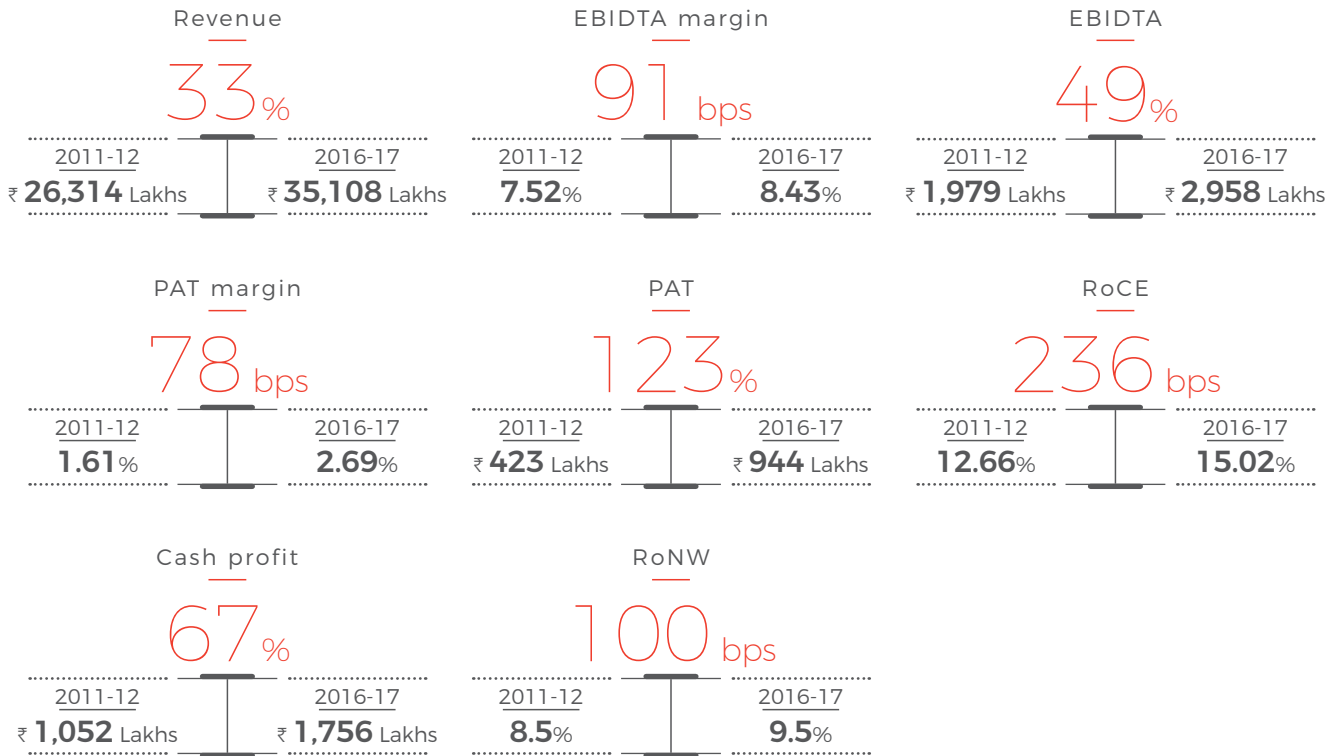
What we make

The Company is involved in the manufacturing of synthetic ring spun yarns for knitting, weaving and technical applications in the count range of Ne 10s to Ne 60s in single, and two-ply varieties. Further the Company is also involved in the manufacturing of specialised yarns like slub yarns, fancy yarns and micro yarns as per market requirements.



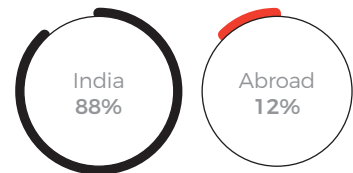
Challenging times. Sustainable performance.

Financial growth (FY2011-12 versus FY2016-17)

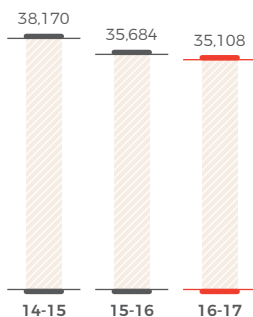


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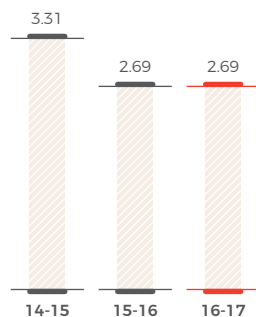
Sales breakdown by region* (FY2016-17)



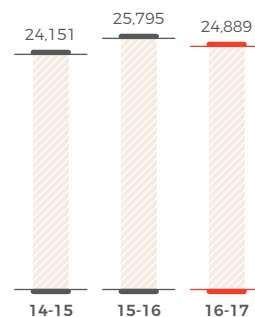
Sales breakdown* (₹ Lakhs)



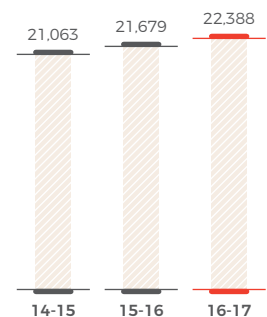
PAT margin* (%)



Production* (kilotonnes per annum)



Gross block* (₹ Lakhs)



*All figures as on 31st March 2017

Suryalata's track record.

S.No	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	Spindle Capacities (Nos)	71,424	89,376	89,376	89,376	93,264	93,264
2	Spindle Utilisation (%)	87.17%	87.96%	90.22%	93.81%	94.77%	91.18%
3	Qty of Production (MTS)	16,931	16,576	21,708	24,151	25,795	24,889
	Qty of Purchase (MTS)	11	122	450	658	-	-
4	Product Mix (in MTS)						
	PSF	10,498	7,911	12,613	15,763	18,077	16,319
	VSF	871	1,158	-	-	-	-
	PV	5,562	7,507	9,095	8,388	7,718	8,570
5	Stock of FG (in MTS)	319	528	543	678	569	622
6	Qty of Sales (in MTS)	17,591	16,490	22,143	24,673	25,904	24,836
7	Exports (₹ in Lakhs)	12,347	9,821	12,210	10,567	3,055	4,025
	Domestic (₹ in Lakhs)	13,967	18,849	24,869	27,603	32,629	31,083
8	Turn Over (₹ in Lakhs)	26,314	28,670	37,079	38,170	35,684	35,108
9	AVG Sale Price (₹ Per KG)	149.59	173.86	167.45	154.70	137.75	141.36
10	Raw Material Cost (₹ in Lakhs)	18,040	18,592	24,692	24,390	23,250	23,602
11	AVG RM Cost (₹ Per KG)	104.53	109.18	111.07	99.21	87.70	92.74
12	Contribution for Operations (P.KG)	45.05	64.69	56.38	55.50	50.05	48.62
13	Value Addition (₹ in Lakhs) in operations	6,296	7,213	8,923	9,925	9,252	8,547
14	EBIDT (₹ in Lakhs)	1,979	2,865	3,464	3,855	3,182	2,958
	(%)	7.52	9.99	9.34	10.10	8.92	8.43
15	Finance Charges	694	931	1,225	1,070	915	715
	(%)	2.64	3.25	3.30	2.80	2.56	2.04
	Interest Coverage Ratio (No of Times)	2.85	3.08	2.83	3.60	3.48	4.14
16	PBDT (₹ in Lakhs)	1,285	1,934	2,239	2,785	2,267	2,243
	(%)	4.88	6.75	6.04	7.30	6.35	6.39
17	Depreciation	629	747	893	868	811	812
18	PBT	656	1,187	1,346	1,917	1,456	1,431
	(%)	2.49	4.14	3.63	5.02	4.08	4.08
19	Tax	233	379	461	652	495	487
20	PAT (₹ in Lakhs)	423	808	885	1,265	961	944
	(%)	1.61	2.82	2.39	3.31	2.69	2.69
21	EPS (in ₹)	9.80	20.30	22.39	28.14	21.88	22.12
22	Bank Borrowings- Term Loans (₹ in Lakhs)	4,003	7,522	6,122	6,316	4,601	3,051
23	Bank Borrowings- W.C. Loans (₹ in Lakhs)	2,948	3,713	2,951	3,464	2,513	3,525
24	LT Bank Debt Equity Ratio (%)	0.80	1.33	0.95	0.82	0.51	0.31
25	LT & ST Bank Debt Equity Ratio (%)	1.39	1.98	1.41	1.27	0.79	0.66
26	Gross Block (F A) (₹ in Lakhs)	14,586	19,432	19,617	21,063	21,679	22,388
27	R.O.A. (%)	8.81	9.95	11.41	13.22	10.46	10.02
28	Capital Employed (₹ in Lakhs)	10,660	14,625	13,880	15,231	14,938	14,286
29	R.O.C.E. (%)	12.66	14.48	18.52	19.61	15.87	15.02
30	NETWORTH (₹ in Lakhs)	4,991	5,672	6,429	7,731	9,019	9,963
31	Promoter Holdings (%)	65.51	65.51	65.51	70.36	70.36	70.36
32	Dividend Payout (%)	15	15	15	18	20	15
33	Employee Strength (Nos)	1,117	1,424	1,591	1,608	1,532	1,550

Excelling for the future



08

We expect to strengthen our market leadership with the proposed expansion and modernisation of our Kalwakurthy plant. This will enable us to produce more value-added products and take our total production capacity to 1,05,000 spindles. The proposed expansion and modernisation is expected to cost around ₹ 83 crore, for which the Company has achieved a financial closure to the tune of ₹ 65 crore while the rest is through internal accruals.



83

(₹ crore)

The expected cost for expansion and modernisation of our Kalwakurthy plant.

The new T-TAP Policy

The company will speed up this project for procurement of equipment from October 2017 onwards as the Telangana Govt. is planning to reveal T-TAP policy very soon. The policy will enable the company is entitled to get more incentives in the form of interest sub-vention, power subsidy on increased consumption of power and sales tax/GST paid on increased turnover from expansion along with a subsidy on capital investment.

The Company plans to install advanced technology equipment like Auto Doffing Ring frames with RIMS and SIMS, Link winding, Auto Doffing Simplex, Roving Bobbin Transport System, Auto Packing equipment etc. with high automation for more productivity, cost efficiency in power, labour and other operating expenses which provide better margins on products.

Chairman's message



“Our objective is to outperform the market and continue to deliver sustainable growth and profits in the hands of our stakeholders.”

R. SURENDER REDDY

There is no doubt that FY2016-17 was a difficult year, one in which the challenges faced by our industry were exposed significantly. Continued falls in commodity prices, falling crude oil prices and increasing raw material prices did put pressure on overall industry scenario. These factors did translate into slower off-take of yarn, as several fabric manufacturers faced reduced demand from end users. The biggest challenge came in quarter three of the current fiscal, when demonetization rule came into effect immediately. The positives of this reform cannot be written off, however its sudden implementation caught several industries and consumers off-guard. The textile industry was among the several industries hit hard, with the consumer struggling with cash, and its effect being passed to the manufacturer.

At the backdrop of these challenging times, we at Suryalata continued with our steady business growth, delivering business excellence. Our topline remained flat at ₹ 35,108 Lakhs (against ₹ 35,684 Lakhs in previous year) and PAT was registered at ₹ 944 Lakhs (against ₹ 961 Lakhs in previous year). We reported a healthy EBIDTA margin at 8.43%, generating a cash profit of ₹ 1,756 Lakhs during the year under review.

At a time when industry has appeared to emerge from its cyclical phase, cost control and qualitative products now take centre stage to help companies garner a larger market share. With this in mind, we made significant investments in capacity to address the growing demand and align our production to changing market demands. As we had mentioned in the previous year, our business model now stands firm to wither subtle macro-economic challenges and provide sustainable returns. So while industry reported dismal numbers, we reported numbers outperforming the industry.

We continued our focus on producing synthetic yarns, as we witnessed growing demand of affordable synthetic alternatives. A similar increasing trend is witnessed on global scale as well, where synthetic yarns continue to have an increasing share in the overall yarn segment. With favourable textile policies and push for 'Make in India', the textile industry is positioned to grow in the coming years. Incentives to push for exports, higher investments from foreign and GST roll out are expected to give a push to organized textile players. Being an integral player in the textile value chain, we realize our product mix, competitive pricing and market presence across geographies will help us reach new scale of success.

With our current capacity being scaled up to 93,264 spindles, we are well placed to address market demand from our customers. Our capacity expansion was a cautious approach to achieve long-term sustainability at the peak of industry uptrend with a strong balance sheet. As we continue to respond to unfavourable market conditions, we are taking steps to ensure our financial resilience in the future through discipline in capital allocation and focus on profitability. We remain focused on generating healthy cash flow and improve margins through sustainable cost reductions and higher operational efficiencies.

Suryalata Spinning has weathered another difficult year, but remains on a solid and sustainable footing for long-term value creation for its stakeholders. I look forward with great optimism to another exciting year and thank all of our employees and management for their hard work over year after year.

944

(₹ Lakhs)

Profit after tax for the year FY2016-17

Managing Directors' review



Vithaldas Agarwal
Managing Director



Mahender Kumar Agarwal
Joint Managing Director

Performance analysis of the Company during FY2016-17

Q
A

How would you describe Suryalata's performance in FY2016-17?

The fiscal gone by was marked by several obstacles - many of which were the direct result of the headwinds we faced from the end-markets we serve. This unique set of circumstances presented an opportunity to usher in necessary

adjustments; foremost among them was proactively rebalancing the product mix of the Company so as to ensure steady earnings. Despite fluctuating raw material prices and the cash crunch caused by the demonetisation initiative,

we delivered a solid performance in FY2016-17. A strong growth in sales came about as a result of helpful currency exchange rates and farsighted de-risking strategies.

Q
A

Could you elaborate on these strategies?

At times, success comes about as a result of a well-executed plan or courtesy favourable macro conditions. Other times, even the best laid plans cannot overcome certain circumstances, causing success to be elusive. We have experienced both scenarios in our 33 years of existence and came out stronger. During the fiscal gone by we faced a few difficulties,

but we overcame the same by doubling-down on our strengths and reducing our expenses. We reinforced our position by seizing every opportunity in the fastest-growing consumer segments, accelerating the pace of innovation and implementing cutting-edge technologies. All this translated into a sustained steady performance. Here's proof: our

EBIDTA margin strengthened to 8.43 %, PBT margins stood at 4.08 % while our PAT margins were recorded at 2.69%. The year was also marked by a steady earnings per share of ₹ 22. We widened our international footprint as well as strengthened our market presence in domestic markets.

Q
A

What were some of the major challenges faced during the year?

The demonetisation presented the biggest challenge in the third quarter of FY2016-17. It caught everybody unaware. The textile industry was particularly affected as primarily the end-user market is 'cash driven'. This cascaded back to manufacturers like us, and slowed

down the demand and piled up inventories. While we remained on-track for our yearly targets in the first two quarters, the third and fourth quarter pulled back the sales and resulted in flat growth. Our resilient business model and strong business network helped us

deliver sustainable profits despite the micro economic challenges. The results validate our long-term strategy towards producing more value-added products and overcome unexpected headwinds like these in future.

Q
A

What were some of the key accomplishments for the Company during the year?

In a difficult operating landscape, in terms of weaker Chinese currency, availability of subsidised yarns from other Asian players in the market, increase in conversion costs (mainly power and fuel) adversely affected the performance of your Company. But owing to the efficient strategies we adopted and effectively implementing the same led to several highlights for the year such as:

- Sustained our overall capacity utilization to 91% levels
- Increased the proportion of value-added products in the overall product basket
- Delivered a strong growth from our traditional product line; and improved operating margins
- Completed key quality improvement initiatives without compromising our realisations
- Leveraged higher capacity utilisation and inventory management to repay debt worth ₹ 1,598 Lakhs
- Invested in consistent technology upgradation to improve shopfloor efficiency
- Added clients to our portfolio and enhanced our order book

Q
A

How does the Company intend to enhance value for the shareholders?

We believe that enhancing asset utilisation is the best way to keep our shareholders happy. This not only allows us to increase our spindle age but also replace old

ones. In line with this strategy, we embarked on the path of installation of 32,000 new spindles to replace 20,000 old spindles and 12,000 additional spindles at a cost

of ₹ 83.31 crore and take the total capacity over 1,05,000 spindles. Looking ahead, this will translate into higher operating efficiency and enhanced product quality.

Q
A

How does the Company intend to sustain growth?

We have chalked out the following strategies to accelerate growth in the days ahead.

- Widen our international presence while reinforcing our brand in countries where we are already present
- Strengthen our relationships with domestic and international partners
- Increase the production of value-added products to strengthen margins
- Boost our production capacity and reduce outsourced volumes
- Invest in promotions to improve brand exposure and presence, strengthening our brand
- Enhance cost efficiency to augment margins
- Deliver innovative products to catalyse offtake

Based on these realities, we expect to reach more customers and carve out a larger market share.

Q
A

What's the outlook for 2017-18?

We expect the positive government reforms to take shape in the

coming year. We are optimistic that our business model will help

deliver strong returns and create wealth for the stakeholders.

Suryalata: A force to be reckoned with.



Profitable alliances

Suryalata enjoys alliances with some of the globally renowned textile and apparels players among others, thus enabling the Company to deliver superior quality products.



Wide footprint

The Company has wide footprint spread across six states in Indian and 9 countries across the globe, thus making it possible to leverage specific competencies and logistical advantages.



Customer proximity

The Company maintains proximity with vendors and resellers, making it possible to shrink inventory and receivables cycles. The result: 88% of Suryalata's turnover is derived from within India.



Strong financials

Despite a capex of ₹ 80 crore in the five years leading to FY2016-17, the Company reported a gearing of 0.72 average debt cost of 10% and a healthy interest cover of 3.2. On the other hand the Company's bolstered its employee base to above 1500, indicating that every employee has yielded a positive return from their very first day at Suryalata.



Qualitative excellence

Suryalata is focused on the research and manufacture of quality textile products that can potentially become industry benchmarks. Suryalata delivers products that adequately address consumer needs, generate a consumer surplus, reinforce customer relationships and ensure successful line extensions.



Product mix

The Company offers a wide range of textile products like 100% polyester yarn, 100% viscose and polyester viscose blended yarn (counts 10 to 60), thus making it a one-stop-shop for one's synthetic textile needs. Further a potent product mix representing a balanced combination of value-added products on the hand and quick offtake products on the other, making it possible for the company to save on inventory holding on the one hand and leverage enduring customer relationships on the other along sustaining profitability and liquidity.

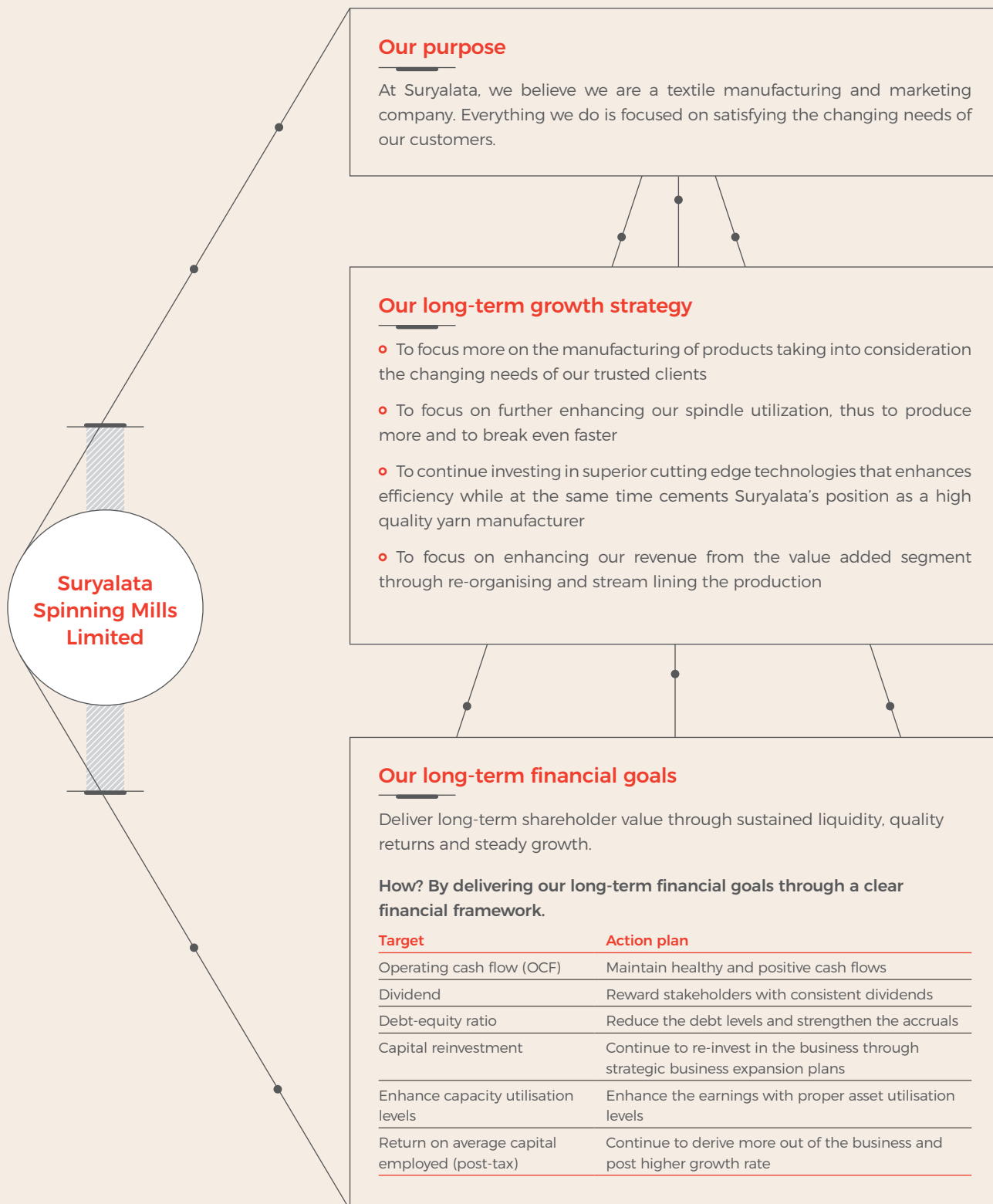


Longstanding relationships

Suryalata has focused on building multi-year relationships with its vendors and business partners, resulting in a preferred supplier status. The Company has not only increased its vendor base from 27 in FY2012-13 to 45 in FY2016-17 by maintaining healthy relationships with them. The average relationship per vendor was pegged at more than five years as on March 31, 2017 with the strong collection policy and timely realisations of outstanding from customers.



Spinning Strategies. Creating Value.



**Suryalata
Spinning Mills
Limited**

Our purpose

At Suryalata, we believe we are a textile manufacturing and marketing company. Everything we do is focused on satisfying the changing needs of our customers.

Our long-term growth strategy

- To focus more on the manufacturing of products taking into consideration the changing needs of our trusted clients
- To focus on further enhancing our spindle utilization, thus to produce more and to break even faster
- To continue investing in superior cutting edge technologies that enhances efficiency while at the same time cements Suryalata's position as a high quality yarn manufacturer
- To focus on enhancing our revenue from the value added segment through re-organising and stream lining the production

Our long-term financial goals

Deliver long-term shareholder value through sustained liquidity, quality returns and steady growth.

How? By delivering our long-term financial goals through a clear financial framework.

<u>Target</u>	<u>Action plan</u>
Operating cash flow (OCF)	Maintain healthy and positive cash flows
Dividend	Reward stakeholders with consistent dividends
Debt-equity ratio	Reduce the debt levels and strengthen the accruals
Capital reinvestment	Continue to re-invest in the business through strategic business expansion plans
Enhance capacity utilisation levels	Enhance the earnings with proper asset utilisation levels
Return on average capital employed (post-tax)	Continue to derive more out of the business and post higher growth rate

Resilient & Ambitious: Our business model

Since inception, Suryalata has persevered to create a mark for itself in the Indian and global textile industry. In the process it has also raised the aspiration levels among the people. A couple of decades later, the Company is one of the largest players in its industry space and possesses peer respect as well as a strong balance sheet. We achieved this through a differentiated business model that focused on enhancing value for all those who were involved with the Company.



Expansive portfolio

At Suryalata, we entered the business with a strategy to enter volume-driven product segments that already provided long-term revenue visibility. Over the years, we have enhanced our portfolio with niche, value-driven products thereby accelerating cross-sale and reinforcing our volume-value positioning.



Sustainable growth

At Suryalata, we not only focus on maximising our profits and margins but also on enhancing the profits and margins of entire stakeholder family. We did this through prudent business decisions that addressed specific needs of people. We have built our business around the pursuit of long-term sustainability and we believe we will endure if we are able to leave adequate value on the table for our allies, vendors, business partners, employees and the society.



Professional approach

At Suryalata, we believe that we are in a business where one must take account of numerous variables through a process driven approach. We have at helm a purposeful balance of promoters and owners who are in turn aptly assisted by a team of professional managers. The promoters indulge in hands-on business whereas the managers complement the efforts of the promoters through dedicated day-to-day supervision across different business functions like procurement, inventory management and marketing, among others.



Strategic positioning

At Suryalata we didn't just provide our allies with a product, we go a step ahead by providing them an insight into which products will succeed and where the same will deliver more returns to them. This helped our business partners in mapping their presence and also in pricing of their products. This credibility has helped us reinforce the product portfolio and amortise distribution costs across a larger number of products that enhanced our channel engagement and operating margins. In so doing, we fetched a higher return for our allies and strengthened our competitiveness.

Quality meets Capability: Our competitive advantage

With our primary focus on

- Safety, compliance and conduct
- Customer satisfaction and operational excellence
- Cash flow growth and strategic momentum
- Cost efficiency and simplification
- People and building capability

Proving our customers with the best-in-class yarns matching their needs and satisfying their quality quotient; is what we are known for, what we are good at and where we have distinctive capabilities.

At Suryalata, we believe our customer-focused business model is a source of our competitive advantage, given our distinctive positions and capabilities,

and moving ahead this will be our focus areas for growth.

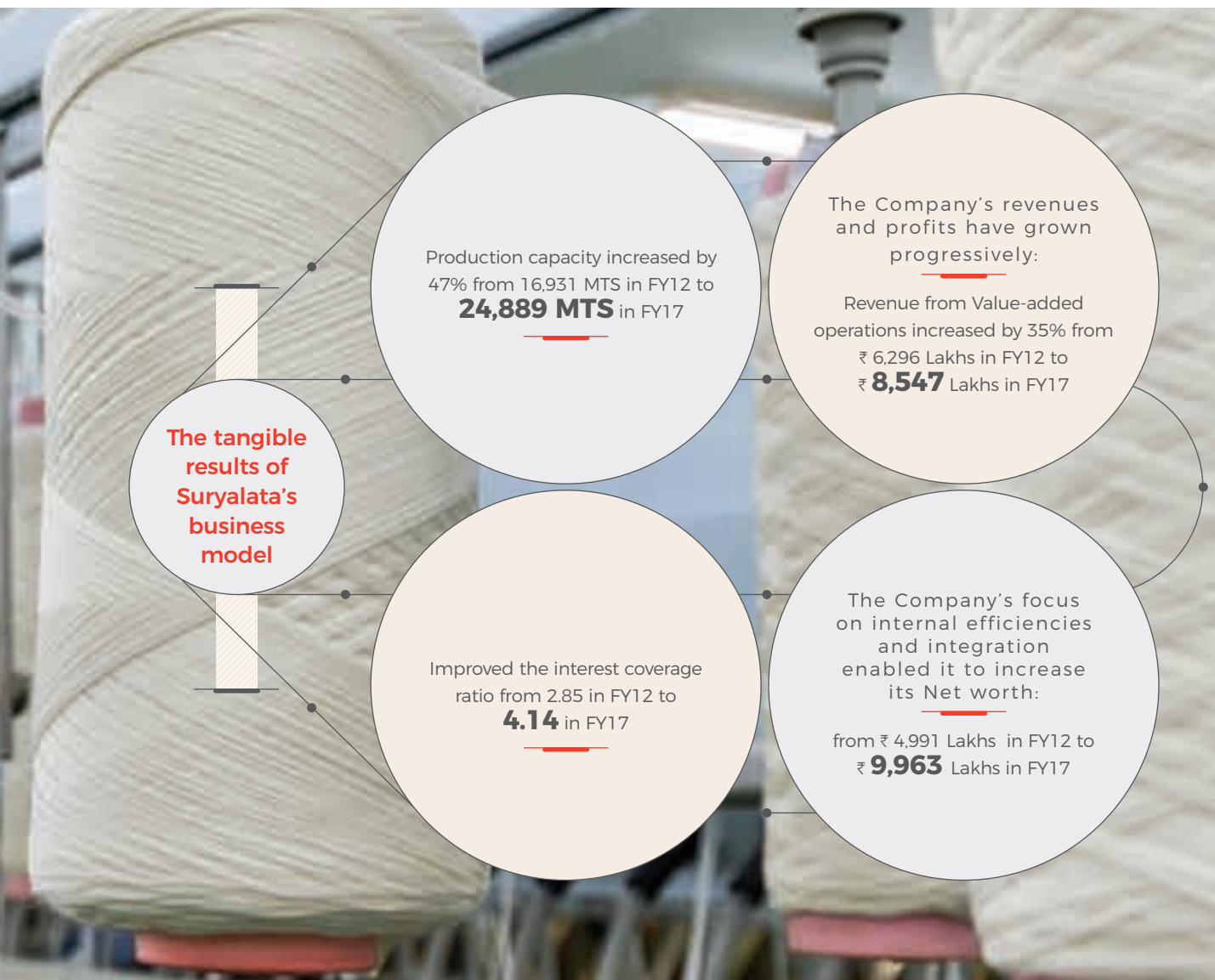
Further, focusing on the value-added segment we intend to invest additional operating and capital resources in the coming years.

Underpinning how we create value through our new operating model which is aligned to our strategy and

to our customer-focused business model, will determine how we grow in the days ahead. And through the achievement of our strategy we will realise our goals to become.

- A trusted corporate citizen
- An employer of choice
- A 21st century textile company

Driven by Customer Needs: Our Business Procedure



As one of the most respected and responsible textile company in the Indian textile industry, with more than 33 years of experience, we are well positioned to satisfy the changing needs of our customers. To deliver this purpose, we must continue to improve and evolve how we do business. We are building stronger relationships with key stakeholders that help us

become a better profitable corporate house, a relatively counter-cyclical company and a company with focus on excellence, with the capabilities necessary for delivering excellent products in a safe and responsible way. We are also making an important contribution to address big issues in society related to education and healthcare for the communities

within our business operations. By improving how we do business, we will better adapt to the challenges and opportunities that arise in the rapidly-changing world of textile and apparels; and build trustworthiness in our business and sector.

Corporate Information

Board Of Directors

Sri R Surender Reddy (DIN: 00083972)

Sri Vithaldas Agarwal (DIN: 00012774)

Sri Mahender Kumar Agarwal (DIN: 00012807)

Sri K Lakshmikanth Reddy (DIN: 00016766)

Sri R S Agarwal (DIN: 00012594)

Sri K R Suresh Reddy (DIN: 00074879)

Smt. Madhavi Agarwal (DIN: 06866592)

Sri K K Sinha (DIN: 03383960)

Sri K Nageswara Rao

Sri Deepesh Kumar Pipalwa

Chairman

Managing Director

Joint Managing Director

Director

Director

Director

Executive Director

Director (Operations)

Chief Financial Officer

Company Secretary

Committees of the Board

Audit Committee

Sri R Surender Reddy, Chairman

Sri R S Agarwal, Member

Sri K R Suresh Reddy, Member

Stakeholders Relationship Committee

Sri K R Suresh Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

Nomination & Remuneration Committee

Sri K R Suresh Reddy, Chairman

Sri K Lakshmikanth Reddy, Member

Sri R S Agarwal, Member

Corporate Social Responsibility Committee

Sri R Surender Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

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Registrar & Transfer Agents

M/s. Karvy Computershare Private Limited
"Karvy Selenium Tower-B", Plot No. 31 & 32,
Financial District, Nanakramguda, Gachibowli,
Serilingampally Mandal, Hyderabad - 500 032
Tel : +91- 40 - 6716 2222, 3321 1000
Fax : +91-40 - 2342 0814, 2300 1153
E-mail : einward.ris@karvy.com
Website: www.karvy.com

Bankers

State Bank of India, IFB, Hyderabad
IDBI Bank Limited, Chennai

Auditors

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

Registered Office

Surya Towers, 1st Floor,
105, Sardar Patel Road Secunderabad - 500 003.
Email : cs@suryalata.com
Tel : 040 - 2777 4200 Fax: 040 - 2784 6859
Website: www.suryalata.com

ISIN INE132C01027
CIN L18100TG1983PLC003962
Listed on BSE Limited.
Scrip Code 514138

Factories

Marchala Village, Kalwakurthy Mandal,
Nagar Kurnool District, Telangana - 509 320

Urukondapet Village, Urukonda Mandal,
Nagar Kurnool District, Telangana - 509 320

Directors' Report

To
The Members,

Your Directors have pleasure in presenting the 34th Annual Report together with the Company's Audited Financial Statements for the financial year ended 31st March, 2017.

Financial Results

The financial performance of the Company during the year ended 31st March, 2017 has been summarized below:

(Figures in ₹ Lakhs)

Particulars	Current Year 2016 - 17	Previous Year 2015 - 16
Gross Sales/Turnover	34653	35396
Net Sales/Turnover	34653	35369
Profit before Interest, Depreciation and Tax	2958	3181
Interest	715	915
Depreciation	812	811
Profit Before Tax	1431	1456
Less: Provision for tax	425	400
Deferred Tax Liability	62	95
Profit After Tax	944	961
Add: Profit brought forward from last year	1051	1033
Amount available for appropriation	1995	1994
Appropriations:		
Transfer to		
(a) General Reserve	1000	500
(b) Preference Shares Redemption Reserve	-	385
(c) Dividend on Equity Shares	-	25
(d) Dividend on Preference Shares	-	23
(e) Dividend distribution tax	-	10
Balance Carried forward to Balance Sheet	995	1051

Note : The above figures are extracted from the Financial Statements as per Indian Generally Accepted Accounting Principles (GAAP).

Details of Operations

The Financial Year 2016-17 was marked by several obstacles, many of which were the direct result of the headwinds we faced from the end markets we serve. This unique set of circumstances presented an opportunity to usher in necessary adjustments foremost among them was pro actively rebalancing the product mix of the Company so as to ensure steady earnings.

Despite fluctuating raw material prices and the cash crunch caused by the demonetization initiative, we delivered a solid performance in Financial Year 2016-17. A strong growth in sales came about as a result of helpful currency exchange rates and far sighted de-risking strategies. Operations were broadly effected with the following :

Average input (raw material) cost increased to ₹92.74 From ₹87.70 in the previous year.

Average yarn realization increased to ₹141.36 from ₹137.75 in the previous year.

Contributions for operations fallen to ₹48.62 per kg. from ₹50.05 in the previous year

Highlights of the Company's Affairs

The highlights of the Company's performance are as under:

- Revenue from operations for the FY 2016-17 is ₹34,653 lakhs as compared to ₹35,396 Lakhs in the previous year.
- Exports are ₹4025 Lakhs compared to ₹3055 Lakhs in the previous year.
- Production quantities decreased to ₹24889 MTS as against ₹25795 in the previous year.
- Profit Before Tax for the FY 2016-17 is ₹1431 Lakhs as compared to ₹1456 Lakhs in the previous year.
- Profit after Tax is ₹944 Lakhs as against ₹961 Lakhs in the previous year.

Capital expenditure

During the year under review, your company has incurred ₹594 Lakhs towards the capital expenditure. The Company also spent ₹631 Lakhs towards civil structures of expansion project undertaken at Kalwakurthy unit.

Future Outlook

A note on the future outlook of your Company is presented under Management Discussion and Analysis, which forms part of this Report.

Transfer to Reserves

The Company has proposed to transfer ₹1000 Lakhs to the general reserve for the financial year ended 31st March, 2017.

Dividends

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2016-17. The said Dividend will absorb a sum of ₹41,30,000/-. The corporate dividend tax will be ₹8,40,771/-.

Also your Directors have recommended the payment of Dividend on the Equity Shares at 15% (i.e.) ₹1.50

per share of ₹10/- each to Non-promoter equity shareholders of the Company for the year 2016-17. The dividend will absorb a sum of ₹18,97,035/- and the dividend tax will be ₹3,86,192/-.

Deposits

During the year under review the Company has not accepted any deposits during the Financial Year 2016-17 in pursuance of Chapter V Companies (Acceptance of Deposits) Rules, 2014.

Disclosures under the Companies Act, 2013.

Extract of Annual Return

The Extract of Annual Return prepared in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 shall be placed as **Annexure I** to this Report before the board.

Number of Meetings of the Board of Directors

Four (4) Board Meetings & Audit Committee Meetings were held during the Financial Year 2016-17 as below:

1. 23rd May, 2016
2. 8th August, 2016
3. 10th November, 2016
4. 8th February, 2017

The Meetings of the following Committee's held on the respective dates as mentioned below:

1. CSR Committee Meeting – 23rd May, 2016.
2. Stakeholders Relationship Committee Meeting – 8th February, 2017.

For details pertaining to attendance of Directors for the said Meetings, please refer to the Corporate Governance Report, which forms part of this report.

Changes in Share Capital

There was no change in the share capital of the Company during the financial year under review.

Directors Responsibility Statement

Pursuant to the requirements under Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (a) that in the preparation of the annual accounts for the Financial Year ended 31st March, 2017, the applicable accounting standards have been followed;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017, and Profit and Loss Statement of the Company for that period;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the directors have prepared the annual accounts for the financial year ended 31st March, 2017, on a going concern basis;
- (e) that the directors have laid down internal controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Statement on Declaration given by Independent Directors under Sub-Section (6) of Section 149 of the Companies Act, 2013.

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Sub-Section (6) of section 149 of Companies Act, 2013.

Related Party Transactions

All the related party transactions are entered on arms length basis and are in compliance with the applicable provisions and listing regulations.

There are no materially significant related party transactions made by the Company with promoters, Directors or Key Managerial Personnel etc., which may have potential conflict with the interest of the Company at large. Thus disclosure pertaining to Related Party transactions in **Form AOC-2** is not required.

The disclosure with respect to transactions with Related parties in compliance with Accounting Standard 18 is

disclosed in notes forming part of financial statements annexed to this report.

The Company has adopted a related party transactions policy and the policy as approved by the board is uploaded on the Company's website www.suryalata.com

Particulars of Loans, Guarantees and Investments :

During the year under review, the Company has not granted any loans, neither provided guarantees nor made any investments covered in the register maintained under section 186 of the Companies Act, 2013.

Particulars of Employees

The details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration Of Managerial Personnel) Rules, 2014 shall be placed as **Annexure - II** before the board .

Further during the year under review, none of the employees are receiving remuneration as set out in Rule 5(2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details of Directors and Key Managerial Personnel's appointed or resigned during the year:

There was no change in Directors of the Company during the Financial year under review. However, there was change in Company Secretary of the Company. Smt. Prameela Rani Meka, has submitted her resignation w.e.f. 31st May, 2016. The Company has appointed Sri Deepesh Kumar Pipalwa, as Whole time Company Secretary of the Company with effect from 1st June, 2016.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Smt. Madhavi Agarwal, Whole Time Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Committees of the Board:

Currently the Board has four Committees:

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders Relationship Committee

Audit Committee

The Audit Committee consists of Sri R Surender Reddy, Chairman, Sri R S Agarwal, Member and Sri K R Suresh Reddy, Member. All the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee.

The Nomination and Remuneration Committee consists of Sri K R Suresh Reddy, Chairman, Sri K Lakshmikanth Reddy, Member and Sri R. S. Agarwal, Member.

Policy on directors' appointment and remuneration and other details:

The Company follows a policy on remuneration of directors and other senior managerial personnel's. The Policy is recommended by the Nomination and Remuneration Committee and approved by the Board. More details of the same is given in the Corporate Governance Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists of Sri R Surender Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the **Suryalata Spinning Mills Limited Corporate Social Responsibility Policy**.

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the under privileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, environment and community welfare. In alignment with vision of the company, through its CSR initiatives, will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The Report on Corporate Social Responsibility as per Rule 8 of (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same shall be placed as **Annexure III** before the board.

Stakeholders Relationship Committee

Stakeholders Relationship Committee consists of Sri K R Suresh Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

The Scope of the committee shall include considering and resolving the grievances of the security holders of the company which may arise due to any of the reasons cited in the Stakeholders Relationship Committee of the company.

Auditor

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made thereunder the term of office of M/s. Brahmayya & Co., Chartered Accountants as the Statutory Auditors of the Company will conclude from the close of ensuing Annual General Meeting of the Company. The Board of Directors places on record its appreciation to the services rendered by M/s. Brahmayya & Co., Chartered Accountants as the Statutory Auditors of the Company. Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s. K S Rao & Co., Chartered Accountants (ICAI Firm Registration Number 003109S) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013. Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

Auditor's Report

The Auditor's Report to the Shareholders for the year under review does not contain any qualification or adverse remark.

Secretarial Auditor

The Board has appointed M/s. KLB & Associates, a firm of practicing Company Secretaries, Hyderabad as the Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended 31st March, 2017 in compliance with the provisions of Section 204 of the Companies Act, 2013.

The report of the Secretarial Audit Report by M/s. KLB & Associates, in Form MR-3 shall be placed as **Annexure IV** before the board.

Cost Auditor

The Board of Directors have appointed M/s. Aruna Prasad & Co., Cost Auditors, Chennai for conducting the cost audit of the Company for the financial year 2017-18, in compliance to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit Rules) 2014, on the recommendations made by the Audit Committee and has recommended her remuneration for the ratification of Members at the ensuing Annual General Meeting.

Vigil Mechanism/Whistle Blower Policy

The Board of Directors of the Company have adopted Whistle Blower Policy. This policy is formulated to provide an opportunity to employees and an avenue to raise concerns and to access in good faith the Audit Committee, to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication, in case they observe unethical and improper practices or any other wrongful conduct in the Company, to provide necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

The Policy on vigil mechanism/whistle blower policy may be accessed on the Company's website www.suryalata.com

Details of adequacy of internal financial controls

The company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Corporate Governance

A detailed Report on Corporate Governance is enclosed as **Annexure V**, Management Discussion and Analysis Report and the Certificate from the Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated under Schedule V of SEBI (LODR) Regulations 2015 forms part of this Report.

Change in the Nature of Business

There has been no change in the nature of business of the Company during the financial year under review.

The details of significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

No significant or material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future during the year under review.

Material changes and Commitments, if any, affecting the financial position of the Company.

There were no material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2017 to the date of signing of the Director's Report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The information with respect to Conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014, are provided in the **Annexure VI** to this Report.

Risk Management Policy

The Company has policy for identifying risk and established controls to effectively manage the risk. Further the company has laid down various steps to mitigate the identified risk. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Declaration with the compliance with the code of conduct by Members of the board and Senior Management personnel.

The Company has complied with the requirements about code of conduct for Board members and Sr. Management Personnel.

The said policy is available on the website of the Company www.suryalata.com

Mechanism for Board Evaluation

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the schedule IV of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision and objective, skills, knowledge and experience, participation and attendance in Board/ Committee meetings; governance and contribution to strategy; interpersonal skills etc.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations and governance.

A meeting of the Independent Directors was also held which reviewed performance of non-independent directors, performance of the board as a whole and performance of the chairman after taking in to account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Disclosure pertaining to sexual harassment of women at workplace.

During the Financial year ended 31st March, 2017 the Company has neither received any complaints nor there are any pending complaints pertaining to sexual harassment.

Acknowledgments

The Board of Directors places on record its gratitude to IDBI Bank Limited, State Bank of India, Insurance Companies and Government Authorities for their assistance and co-operation. The Board also acknowledges the support of the shareholders of the Company. The Board also places on record their deep sense of appreciation for the committed services of all the employees of the Company.

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Vithaldas Agarwal
Managing Director
DIN 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807

Place : Secunderabad
Date : 19th May, 2017

Annexures to Directors' Report

Extract of Annual Return

as on the financial year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

- i) CIN : L18100TG1983PLC003962
- ii) Registration Date : 23rd May, 1983
- iii) Name of the Company : SURYALATA SPINNING MILLS LIMITED
- iv) Category / Sub-Category of the Company : Company limited by Shares & Indian Non Government Company
- v) Address of the Registered office and contact details : Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad – 500 003, Telangana State.
Tel: 040 2777 4200.
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s. Karvy Computershare Private Ltd, Karvy Selenium Tower-B, Plot No 31 & 32, Gachibowli, Financial District Nanakramguda, Serilingampally Mandal Hyderabad – 500 032, Telangana State.

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

No	Name and description of main products/ services	NIC code of the product/ service	% of total turnover of the company
1	Yarn	13114	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

NIL

IV. Shareholding Pattern (Equity Share Capital Break up as Percentage of total Equity)

i) Category-wise Share holding

Category of shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3002310	0	3002310	70.36	3002310	0	3002310	70.36	0.00
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/Fl	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	3002310	0	3002310	70.36	3002310	0	3002310	70.36	0.00
(2) Foreign									
a) NRI's-Individuals	0	0	0	0	0	0	0	0	0
b) Other - individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	3002310	0	3002310	70.36	3002310	0	3002310	70.36	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	96	0	96	0.01	96	0	96	0.01	0
b) Banks/Fl	0	990	990	0.02	0	990	990	0.02	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	96	990	1086	0.03	96	990	1086	0.03	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	197082	2001	199083	4.67	214831	2001	216832	5.08	(0.41)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual Shareholding upto ₹1 Lakh	619719	91945	711664	16.68	547987	90880	638867	14.97	1.71
ii) Individual shareholding nominal share capital in excess of ₹1 Lakh	337290	0	337290	7.90	388271	0	388271	9.10	(1.19)
c) Others Clearing Members	1020	0	1020	0.02	13985	0	13985	0.33	(0.31)
d) NRIs	14547	0	14547	0.34	5649	0	5649	0.13	0.21
Sub-Total (B)(2)	1169658	93946	1171659	29.62	1170723	92881	1262582	28.53	1.09
Total Public Shareholding (B) = (B)(1)+(B)(2)	1169754	94936	1172745	29.65	1170819	93871	1263668	28.56	1.09
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	4172064	94936	4267000	100	4173129	93871	4267000	100	0

ii) Shareholding of Promoters

S. No.	Shareholders' name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total Shares Of the company	% of Shares Pledged/ Encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	
1	Vithaldas Agarwal	818844	19.19	80.46	818844	19.19	80.46	0
2	Mahender Kumar Agarwal	1247133	29.23	57.50	1247133	29.23	57.50	0
3	Madhavi Agarwal	664161	15.57	33.12	664161	15.57	33.12	0
4	Yash Agarwal	81130	1.90	0	81130	1.90	0	0
5	Agarwal Mahender Kumar – HUF (Represented by Mahender Kumar Agarwal)	191042	4.48	54.50	191042	4.48	54.50	0

iii) **Change in promoters' shareholding:** During the year there was no change in the shareholding of promoters.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs).

S. No.	Name of the Share holder	Shareholding at the beginning of the year		Date wise increase/decrease in the shareholding during the year		Cumulative Shareholding	
		No. of shares	% of total Shares Of the company	Date	No. of shares	No. of shares	% of total Shares Of the company
1	Jamson Securities Pvt Ltd	171373	4.02	NIL		171373	4.02
Shareholding at the end of the year						171373	4.02
2	Anirudh Mohta	0	0	21/10/2016	425	425	0.01
				11/11/2016	47500	47925	1.12
				09/12/2016	7800	55725	1.31
				16/12/2016	4310	60035	1.41
				30/12/2016	1090	61125	1.43
				06/01/2017	1	61126	1.43
				13/01/2017	1500	62626	1.47
				03/02/2017	3571	66197	1.55
				10/02/2017	334	66531	1.56
				31/03/2017	(18600)	47931	1.12
Shareholding at the end of the year						47931	1.12
3	Pranav Kumarlal Parekh	37547	0.88	31/03/2016	-	37547	0.88
				10/03/2017	15237	52784	1.24
				31/03/2017	-	52784	1.24
Shareholding at the end of the year						52784	1.24
4	Prabha Mohta	0	0	16/09/2016	1500	1500	0.04
				11/11/2016	35000	36500	0.86
				31/03/2017	-	36500	0.86
Shareholding at the end of the year						36500	0.86

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs). (contd.)

S. No.	Name of the Share holder	Shareholding at the beginning of the year		Date wise increase/decrease in the shareholding during the year		Cumulative Shareholding	
		No. of shares	% of total Shares Of the company	Date	No. of shares	No. of shares	% of total Shares Of the company
5	Anil Kumar	31500	0.74	31/03/2016	-	31500	0.74
				29/07/2016	3450	34950	0.82
				31/03/2017	-	34950	0.82
Shareholding at the end of the year						34950	0.82
6	Vinodchandra Mansukhlal Parekh	27353	0.64	31/03/2016	-	27353	0.64
				31/03/2017	-	27353	0.64
Shareholding at the end of the year						27353	0.64
7	Sanjeev Vinodchandra Parekh	21241	0.50	31/03/2016	-	21241	0.50
				31/03/2017	-	21241	0.50
Shareholding at the end of the year						21241	0.50
8	Dr Ramesh Chimanlal Shah	20527	0.48	31/03/2016	-	20527	0.48
				08/04/2016	(357)	20170	0.47
				15/04/2016	(40)	20130	0.47
				22/04/2016	(130)	20000	0.47
				27/01/2017	(500)	19500	0.46
				31/03/2017	-	19500	0.46
Shareholding at the end of the year						19500	0.46
9	Jahnvi Sri Dhanya S	20000	0.47	31/03/2016	---	20000	0.47
				09/09/2016	(1461)	18539	0.43
				16/09/2016	(500)	18039	0.42
				23/09/2016	(1000)	17039	0.40
				28/10/2016	(500)	16539	0.39
				31/03/2017	---	16539	0.39
Shareholding at the end of the year						16539	0.39
10	Bharat Jamnadas Dattani	18993	0.44		NIL	18993	0.44
Shareholding at the end of the year						18993	0.44

v) Shareholding of Directors and Key Managerial Personnel (₹)

S. No.	Particulars	Shareholding at the beginning of the year		Increase/ decrease in the shareholding during the year	Shareholding at the end of the year	
		No. of shares	% of total Shares Of the company		No. of shares	% of total Shares Of the company
1	R Surender Reddy	3600	0.08	0	3600	0.08
2	Vithaldas Agarwal	818844	19.19	0	818844	19.19
3	Mahender Kumar Agarwal	1247133	29.23	0	1247133	29.23
4	Madhavi Agarwal	664161	15.57	0	664161	15.57

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment (in ₹)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	71,45,09,546	15,64,64,707	-	87,09,74,253
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	52,94,582	-	-	52,94,582
Total (i)+(ii)+(iii)	71,98,04,128	15,64,64,707	-	87,62,68,835
Change in indebtedness during the financial year				
Addition	35,67,000	85,51,000	-	1,21,18,000
Reduction	(5,80,03,022)	(1,51,47,126)	-	(7,31,50,148)
Net change indebtedness	(5,44,36,022)	(65,96,126)	-	(6,10,32,148)
At the end of the financial year				
i) Principal Amount	66,19,35,509	14,98,68,581	-	81,18,04,090
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	34,32,597	-	-	34,32,597
Total (i)+(ii)+(iii)	66,53,68,106	14,98,68,581	-	81,52,36,687

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager (in ₹)

S. No.	Particulars of Remuneration	Name of MD /WTD/ Manager			Total Amount
		Vithaldas Agarwal, Managing Director	Mahender Kumar Agarwal, Joint Managing Director	Madhavi Agarwal, Whole -time Director	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	33,00,000	33,72,240	21,21,600	87,93,840
	(b) Value of perquisite u/s 17(2) of Income Tax Act, 1961	Nil	7,39,219	4,95,427	12,34,646
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as 2 % of profit - Others, specify	30,65,949	30,65,949	15,32,974	76,64,872
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	63,65,949	71,77,408	41,50,001	1,76,93,358
	Ceiling as per the Act	2,40,00,000	1,20,00,000	1,20,00,000	4,80,00,000

B. Remuneration to other Directors

Particulars of Remuneration	Name of Directors				Total Amount (₹)
	R Surender Reddy	K Lakshmikanth Reddy	R S Agarwal	K R Suresh Reddy	
Gross Salary					
Independent Directors					
• Fee for attending board/ committee meetings	38,000	19,000	35,000	27,000	1,19,000
• Commission	Nil	Nil	Nil	Nil	Nil
• Others, please specify	Nil	Nil	Nil	Nil	Nil
Total (1)	38,000	19,000	35,000	27,000	1,19,000
Other Non-Executive Directors					
• Fee for attending board/ committee meetings	Nil	Nil	Nil	Nil	Nil
• Commission					
• Others, please specify					
Total (2)	-	-	-	-	-
Total (B) = (1+2)	38,000	19,000	35,000	27,000	1,19,000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹/lakhs)

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹)
		Company Secretary (CS)	Chief Financial Officer (CFO)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	2,07,500	20,58,240	22,65,740
	(b) Value of perquisite u/s 17(2) of Income Tax Act, 1961	12,583	2,90,000	3,02,583
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	- Others, specify			
5	Others, please specify	Nil	Nil	Nil
	Total (A)	2,20,083	23,48,240	25,68,323

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Vithaldas Agarwal
 Managing Director
 DIN 00012774

Mahender Kumar Agarwal
 Joint Managing Director
 DIN 00012807

Particulars of Employees

Information as per Rule 5(1) of Chapter XIII, Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

(in ₹)

Name of Director	Designation	Remuneration FY 16-17	Remuneration in FY 15-16	% of increase in remuneration	Ratio of remuneration to MRE
Executive Directors					
Vithaldas Agarwal	Managing Director	63,65,949	64,08,942	(0.67)	45.96
Mahender Kumar Agarwal	Joint Managing Director	71,77,408	70,02,316	2.50	51.82
Madhavi Agarwal	Whole-Time Director	41,50,001	44,59,774	(6.94)	29.96
Key Managerial Personnel					
K Nageswara Rao	Chief Financial Officer	23,48,240	21,38,240	9.82	16.95
*Deepesh Kumar Pipalwa	Company Secretary	2,20,083	4,44,702	(50.51)	1.58

*Deepesh Kumar Pipalwa was appointed as Company Secretary of the Company w.e.f. 1st June, 2016 and the remuneration paid for the Financial Year 2016-17 has been mentioned accordingly.

1. The Median Remuneration of the employees of the Company during the financial year was ₹1,38,504/-.
2. In the financial year, there was an increase 10% in the median remuneration of employees.
3. There are 387 permanent Employees on the Rolls of the Company as on 31st March, 2017.
4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 10%, and for financial Year 2016-17 also it was 10%. However there was no change in the remuneration of Key Managerial Personnel's except Chief Financial Officer which was increased by 9.82% for the Financial Year 2016-17.
5. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
6. It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

Vithaldas Agarwal
Managing Director
DIN 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807

**Report on Corporate Social Responsibility as per Rule 8 of Companies
(Corporate Social Responsibility Policy) Rules, 2014**

The Company's CSR Policy seeks to touch and transform people's lives by promoting health care, education and employment opportunities. Indeed it seeks to evaluate the quality of people especially the disadvantaged sections of the society.

Identified Areas of Engagement:

1. Promoting education, including special education and employment enhancing vocational skills among children and women.
2. Eradicating hunger and poverty and malnutrition and sanitation and making available safe drinking water.
3. Animal Welfare.
4. Promoting health care including preventive health care.

Composition of CSR Committee:

The CSR Committee comprises of the following:

- | | | |
|-------------------------------|---|----------|
| 1. Sri R Surender Reddy | - | Chairman |
| 2. Sri Vithaldas Agarwal | - | Member |
| 3. Sri Mahender Kumar Agarwal | - | Member |

Average Net profits of last three Financial Years:

	2013-14 (₹)	2014-15 (₹)	2015-16 (₹)
Net Profits for the preceding three Financial year	13,45,53,000/-	19,17,07,000/-	14,55,69,000/-
Average	15,72,76,333/-		
Prescribed CSR Expenditure (2% of Average Net profits)	31,45,527/-		



The company has spent ₹. 32,52,475/- on the identified areas as approved by the Board for the Financial Year ended 31st March, 2017. The details are as below:

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or program subheads (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
1	Promoting education, including special education and employment enhancing vocational skills among children and women.	Education	Sri Gayathri Vedavidyalam Marchala Village, Kalwakurthy, Nagar Kurnool District, Telangana	12,00,000	12,48,272	12,48,272	Direct
2	Eradicating hunger and poverty and malnutrition and sanitation and making available safe drinking water	Sanitation	(i)Yangampally Village ,JillelaVillage of Kalwakurthy Mandal, Nagar Kurnool District, Telangana	2,00,000	1,59,220	1,59,220	Direct
	Eradicating hunger and poverty and malnutrition and sanitation and making available safe drinking water	Sanitation	(ii)Rachur, Kurmmidda, Israipally, Bommarasipally, Ramireddy Pally, Mucharlapally, Kottapally, Ranipet Village, Urukonda Mandal, Nagarkurnool District Telangana	8,00,000	8,53,660	8,53,660	Direct
3.	Promoting Health Care including preventive health care	Health care	Gundur, Silarpally of Kalwakurthy Mandal Nagarkurnool District Telangana	Nil	12,600	12,600	Direct
4	Promoting Health Care including preventive health care	Health Care	Health Camps in Villages of Kalwakurthy Mandal and Urukonda Mandal Through Apollo Health Care Ltd., Banjara Hills, Hyderabad	10,00,000	9,78,723	9,78,723	Direct
	Total			32,00,000	32,52,475	32,52,475	

The CSR committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.

Vithaldas Agarwal
Member of CSR Committee

R. Surender Reddy
Chairman of CSR Committee

Form MR-3
Secretarial Audit Report

as on the financial year ended on 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
SURYALATA SPINNING MILLS LIMITED
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad - 500 003, Telangana.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SURYALATA SPINNING MILLS LIMITED (CIN: L18100TG1983PLC003962)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules and Regulations made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. **(Not applicable to the company during the audit period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the company during the audit period);**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; **(Not applicable to the Company during the Audit period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period);**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period).**
- (vi) Relying on the representations given by the Company and its officers with regard to other laws specifically applicable to the Company and its compliance and the limited review done by me, I opine that the Company has complied with the following laws:
- a. Textiles (Development & Regulation) Order, 2001;
 - b. Textiles (Consumer Protection) Regulation, 1988;
 - c. Technology Up-gradation Fund Scheme;
 - d. Foreign Trade Policy 2015-2020;
 - e. Hank yarn notification issued under Essential Commodities Act, 1955.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice of at least seven days is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

For **KLB & Associates**
Company Secretaries

Khusboo Laxmi Bhagat

Proprietor

ACS 28176

C P No. 14703

Place: Hyderabad

Date : 19th May, 2017

Note : This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure-A to the Secretarial Audit Report

To,
The Members,
SURYALATA SPINNING MILLS LIMITED
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad-500 003, Telangana State

My Report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. I have relied up on the information provided by the Management with respect to related party transactions for its compliance.

For **KLB & Associates**
Company Secretaries

Khusboo Laxmi Bhagat
Proprietor
ACS 28176
C P No. 1470

Place: Hyderabad
Date : 19th May, 2017

CORPORATE GOVERNANCE REPORT

1) Company's Philosophy on Code of Corporate Governance

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society". (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance, 1992).

The Company has always adhered to good corporate governance practices and maintained the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations.

The Company believes that high standards of Corporate Governance are the critical to ensure the business success. We feel proud that we have laid a strong foundation stone for good governance long back. The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. Suryalata mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance in the overall interest of all the stakeholders.

The Company's philosophy on Corporate Governance aims at facilitating effective management of the Company in the conduct of business and in meeting the objectives of enhancing value of the Company to its stakeholders and to provide good management. The Company endeavors to achieve

optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

1. Fair and transparent business practices.
2. Effective management control by the Board.
3. Adequate representation of promoter, executive and independent Directors on the Board.
4. Monitoring of executive performance by the Board.
5. Compliance of laws.
6. Transparent and timely disclosure of financial and management information.

2) Board of Directors

a) Composition, category of Directors and attendance record for the year 2016-17.

The Companies Act, 2013 and regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 govern the composition of the Board of Directors. The Board comprises a combination of Executive and Non Executive Directors. Presently it consists of Eight Directors out of which Four are Executive Directors and Four are Non-Executive Independent Directors. The Company has Non-Executive Chairman. Non-Executive Directors bring independent views and judgment in the decision making process of the Board.

Constitution of the Board and participation of Directors at meetings of the Board during the year 2016-17.

Name of the Director	Category	Board Meetings Attended	Attendance at last AGM held on 28.09.2016
Sri R Surender Reddy	Non-Executive Independent	4	Present
Sri K Lakshmikanth Reddy	Non-Executive Independent	4	Present
Sri R S Agarwal	Non-Executive Independent	4	Absent
Sri K R Suresh Reddy	Non-Executive Independent	3	Absent
Sri Vithaldas Agarwal	Executive/ Promoter	4	Present
Sri Mahender Kumar Agarwal	Executive/ Promoter	4	Present
Smt. Madhavi Agarwal	Executive Director	3	Present
Sri K K Sinha	Executive Director	3	Absent

b) Number of other Companies' Directorships & Committee Membership / Chairmanship:

Name of the Director	No. of Other Directorships	Committee Membership	Committee Chairmanship
Sri R Surender Reddy	6	5	5
Sri K Lakshmikanth Reddy	Nil	Nil	Nil
Sri R S Agarwal	7	3	3
Sri K R Suresh Reddy	Nil	Nil	Nil
Sri Vithaldas Agarwal	Nil	Nil	Nil
Sri Mahender Kumar Agarwal	Nil	Nil	Nil
Smt. Madhavi Agarwal	Nil	Nil	Nil
Sri K K Sinha	Nil	Nil	Nil

c) Number of Board meetings held and their dates:

Four Board meetings were held during the year on the following dates:

1. 23rd May, 2016
2. 8th August, 2016
3. 10th November, 2016
4. 8th February, 2017

d) Disclosure of relationships between inter-se:

S. No.	Name of the Director	Relationship
1.	Sri Mahender Kumar Agarwal	Son of Sri Vithaldas Agarwal (Managing Director)
2.	Smt. Madhavi Agarwal	Wife of Sri Mahender Kumar Agarwal (Joint Managing Director)

e) Number of shares and convertible Instruments held by Non-executive Directors:

S. No.	Name of the Director	Number of shares	Number of convertible instruments
1.	Sri R Surender Reddy	3600	0
2.	Sri K R Suresh Reddy	0	0
3.	Sri R S Agarwal	0	0
4.	Sri K Lakshmikanth Reddy	0	0

**f) Details of familiarization programmes imparted to independent Directors:
www.suryalata.com****3) Audit Committee****a) Brief description of terms of reference:**

1. Oversight of the company's financial reporting process and disclosure of financial information.
2. Review of quarterly, half yearly and annual financial statements.
3. Recommending the appointment and removal of external Auditors and fixing of their remuneration.
4. Review the adequacy of internal control systems and internal audit functions.
5. Review of Company's financial and risk management policies.

b) Composition, names of the members and Chairman:

In compliance with Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013, the Board of Directors of the Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors:

S. No.	Name of the Member	Designation
1.	Sri R Surender Reddy	Chairman
2.	Sri K R Suresh Reddy	Member
3.	Sri R S Agarwal	Member

c) Meetings and Attendance during the year:

During the year 2016-17, Four Audit Committee Meetings were held on 23rd May, 2016, 8th August, 2016, 10th November, 2016 and 8th February, 2017. The attendance of each member of the Committee is given below:

S. No.	Name of the Member	Number of Meetings attended
1.	Sri R Surender Reddy	4
2.	Sri K R Suresh Reddy	3
3.	Sri R S Agarwal	4

4) Nomination and 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 Directors, Key Managerial personnel and Senior Management of the Company.

b) Composition, names of the members and Chairman:

In compliance with Regulation 19 of SEBI (LODR) Regulations, 2015 and section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted an Nomination and Remuneration Committee comprising of the following three Non-Executive Independent Directors:

S. No.	Name of the Member	Designation
1.	Sri K R Suresh Reddy	Chairman
2.	Sri R S Agarwal	Member
3.	Sri K Lakshmikanth Reddy	Member

All the members of the Committee are Non-Executive and Independent Directors.

c) Meetings and Attendance during the year

During the year 2016 - 17, One Nomination and Remuneration Committee meeting was held on 8th August, 2016. The attendance of each member of the Committee is given below:

S. No.	Name of the Member	Attendance
1.	Sri K R Suresh Reddy	1
2.	Sri R S Agarwal	1
3.	Sri K Lakshmikanth Reddy	1

D) Performance evaluation criteria:

One of the key functions of Nomination & Remuneration Committee is to evaluate the performance of executive/Non executive Independent Directors. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship with stakeholders, Company performance and strategy, and the effectiveness of the whole Board and its various committees. Feedback on each director is encouraged to be provided as part of the survey.

5) Remuneration:

The Nomination and Remuneration Committee recommends to the Board, the Compensation of the Managing Directors and Executive Director of the Company keeping in view Company's financial status, past performance, past remuneration and future growth potential.

The remuneration of the Non-Executive Directors' of the Company is decided by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee. None of the Non-executive Directors of the Company is entitled to receive any payment from the Company other than by way of sitting fees for attending the Meetings of Boards and its Committees.

The pecuniary relationships/transactions of the non executive Directors is as follows:

S. No.	Name of the Director	Sitting fees Paid for board/ committee meetings (₹)	Equity Shares held
1.	Sri R Surender Reddy	35,000	3600
2.	Sri K R Suresh Reddy	30,000	0
3.	Sri K Lakshmikanth Reddy	19,000	0
4.	Sri R S Agarwal	35,000	0

Details of remuneration paid to Directors:

A detail of remuneration paid to Managerial Persons of the Company during the year 2016-17 is given below:

Fixed Component		Commission payable as a % on Profit after Tax (₹)	Contribution to PF (₹)	Total (₹)
*Salary (including HRA) (₹)	Perquisites (₹)			
Sri Vithaldas Agarwal – Managing Director				
33,00,000	Nil	30,65,949	Nil	63,65,949
Sri Mahender Kumar Agarwal – Joint Managing Director				
33,50,640	7,39,219	30,65,949	21,600	71,77,408
Smt. Madhavi Agarwal – Executive Director				
21,00,000	4,95,427	15,32,974	21,600	41,50,001

The Nomination and Remuneration Policy of the Company can be accessed at the Company's website at the link www.suryalata.com.

Notes:

- The Company has not issued any Stock options.
- There were no service contracts/Agreements with our Directors.
- None of our Directors is eligible for severance pay.
- The terms and conditions with regard to appointments Managing Directors and Executive Directors are contained in the respective resolutions passed by the Board or Members in their respective meetings. There is no severance fees.

6) Stakeholders Relationship Committee

1) Brief Description of the terms of reference :

The terms of reference of the Stakeholders Relationship Committee are extensive covering the mandatory requirements under Regulation 20(4) read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, which includes attending and resolving investors' grievances / complaints of security holders included but not limited to the matters pertaining to transfer of shares, issue of duplicate share certificates, non-receipt of annual report and non-receipt of declared dividend, etc.

2) Meetings:

During the year under review, Stakeholders Relationship Committee met once on 8th February, 2017.

3) Composition & attendance in committee meetings:

The Committee consists of the following Directors.

S. No.	Name of the Member	Designation
1.	Sri K R Suresh Reddy	Chairman
2.	Sri Vithaldas Agarwal	Member
3.	Sri Mahender Kumar Agarwal	Member

a. Name and designation of the Compliance Officer:

Sri Deepesh Kumar Pipalwa - Company Secretary appointed as Company Secretary cum Compliance Officer of the Company w.e.f. 1st of June, 2016.

b. Number of Shareholders complaints received so far: 3

c. Number of Shareholders complaints not resolved to the satisfaction of shareholders: Nil

d. Number of pending complaints : Nil

General body Meetings

1. Location, date and time for last three Annual General Meetings are:

Financial Year	Date	Venue	Time
2015-16	28th September, 2016	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.30 A.M
2014-15	21st September, 2015	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.30 A.M.
2013-14	6th August, 2014	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016	10.30 A.M.

Special Resolution passed in the previous three (3) Annual General Meetings (AGMs)

Date	No. of Special Resolutions Passed	Particulars of the Special Resolution
28th September, 2016	1	1. Further issue of Share Capital
21st September, 2015	3	1. Issue of Cumulative Redeemable Preference Shares on private placement basis. 2. Adoption of new set of Articles of Association of the Company in conformity with Companies Act, 2013. 3. Maintaining register of Members, Index of Members and other documents required to be maintained under section 94 of the Companies Act, 2013 at a place other than Registered Office of the Company.
6th August, 2014	5	1. Re-appointment of Sri Vithaldas Agarwal Managing Director for a period of five years with effect from 1st July, 2014 to 30th June, 2019. 2. Alteration of Clause V of Memorandum of Association of the Company for Re-Classification of Authorized Share Capital of the Company. 3. Alteration of sub-clause (i) of Article 3 of the Articles of Association of the Company for Re-Classification of Authorized Share Capital of the Company. 4. Further issue of Preference Shares of the Company 5. Sanction of borrowing limits upto ₹ 200 Crores under Section 180 (1) (c) of the Companies Act, 2013.

2. No Special Resolution was passed in the financial year 2016-17 through Postal Ballot.

a) CEO and CFO Certificate

Sri Vithaldas Agarwal, Managing Director and Sri K Nageswara Rao, Chief Financial Officer have given a Certificate to the Board of Directors as contemplated in Regulation 17(8) of SEBI(LODR) Regulations, 2015, and the same is disclosed at the end of this Report.

Means of Communication

a) Quarterly Results:

The quarterly, annual results and other statutory reports of the company are communicated by disseminating the same to Bombay Stock Exchange. The Company also publishes its financial results in the newspaper as prescribed under regulation 47 of Listing Obligation and Disclosure Requirement (s) Regulations 2015.

b) Newspapers in which Quarterly results normally published:

The Quarterly results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Andhra Prabha (Telugu Daily Hyderabad).

c) Website, where the results and other official news releases are displayed

Official news releases along with quarterly results are displayed on the Company's Website: www.suryalata.com

d) Whether the Company displays official news and releases & Presentations made to institutional investors or to the analysts:

Press releases made by the Company from time to time are also displayed on the Company's website.

f) General Shareholder Information

a). Annual General Meeting

Date	: 4th September, 2017
Time	: 11.00 A.M.
Venue	: Kamat Lingapur Hotel, 1-10-44/2, Chilkoti Gardens, Begumpet, Hyderabad - 500 016.

b). Financial Calendar : 1st April to 31st March.

c). **Date of Book closure** : **30th August, 2017 to 4th September, 2017**
(Both days inclusive).

d). Dividend Payment Date : Within 30 days from the date of Annual General Meeting.

e). Listing on Stock Exchanges : BSE Limited.

The Company's shares are listed at the following Stock Exchange:

Name and Address of the Stock Exchange	Scrip Code
Bombay Stock Exchange Limited (BSE) Phiroze JeeJeebhoy Towers, Dalal street, Mumbai - 400 001.	514138

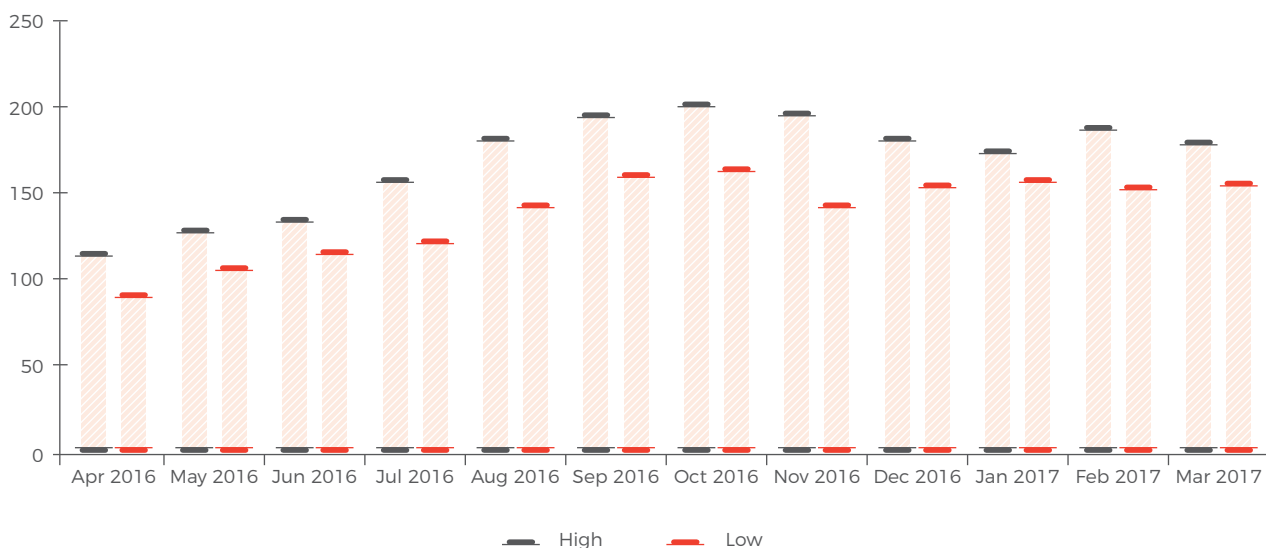
The listing fee for the year 2017-18 has been paid to the Stock Exchange.

b) Market Price Data : High, low during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex, etc.

Company's shares are being traded on BSE only and the high and low prices during each month are given below:

MONTH	HIGH	LOW
April, 2016	111.80	87.20
May, 2016	125.00	102.80
June, 2016	132.00	112.25
July, 2016	155.00	119.00
August, 2016	178.70	140.00
September, 2016	193.10	158.00
October, 2016	199.20	161.00
November, 2016	193.50	140.00
December, 2016	179.00	152.00
January, 2017	171.70	154.60
February, 2017	184.95	150.00
March, 2017	176.75	153.05

in ₹



g) Stock Performance in comparison to broad-based indices such as BSE Sensex

The Share Price of the Company has been moving with the trends of indices

MONTH	Share Price in BSE		BSE - Sensex	
	HIGH	LOW	HIGH	LOW
April, 2016	111.80	87.20	26100.54	24523.20
May, 2016	125.00	102.80	26837.20	25057.93
June, 2016	132.00	112.25	27105.41	25911.33
July, 2016	155.00	119.00	28240.20	27034.14
August, 2016	178.70	140.00	28532.25	27627.97
September, 2016	193.10	158.00	29077.28	27716.78
October, 2016	199.20	161.00	28477.65	27488.30
November, 2016	193.50	140.00	28029.80	25717.93
December, 2016	179.00	152.00	26803.76	25753.74
January, 2017	171.70	154.60	27980.39	26447.06
February, 2017	184.95	150.00	29065.31	27590.10
March, 2017	176.75	153.05	29824.62	28716.21

in ₹

h) Registrar & Transfer Agents:

M/s. Karvy Computershare Private Limited
 Karvy Selenium Tower - B, Plot No. 31-32, Gachibowli, Financial District,
 Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telengana State
 Phone No.: 040 - 6716 2222, 3321 1000 Fax No.040 - 2342 0814.
 E-Mail: einward.ris@karvy.com., www.karvycomputershare.com

i) Share Transfer System:

The Board of Directors has delegated the power of approving transfer of shares to the Managing Director of the Company and the details regarding the transfers are placed before the Board of Directors at the subsequent meeting for their approval. The Company's Registers and Share Transfer Agent is Karvy Computershare Private Limited, Hyderabad, who look after shares transfers and other related works.

The Company ensures that all transfers are affected within a prescribed period from the date of their lodgement with the Company.

In terms of SEBI circular No. D&CC/FITTC/CR-16 dated 31-12-2002, Secretarial Audit is conducted on a quarterly basis by a practicing Company secretary for the purpose of, inter alia, reconciliation of the total submitted equity share capital with the depositories and in the physical form with the total issued/paid up equity capital of the Company. Certificates are placed before the Board of Directors and are also forwarded to Bombay Stock Exchange Limited, where the shares of the Company are listed.

j) Distribution schedule and shareholding pattern as on 31st March, 2017:

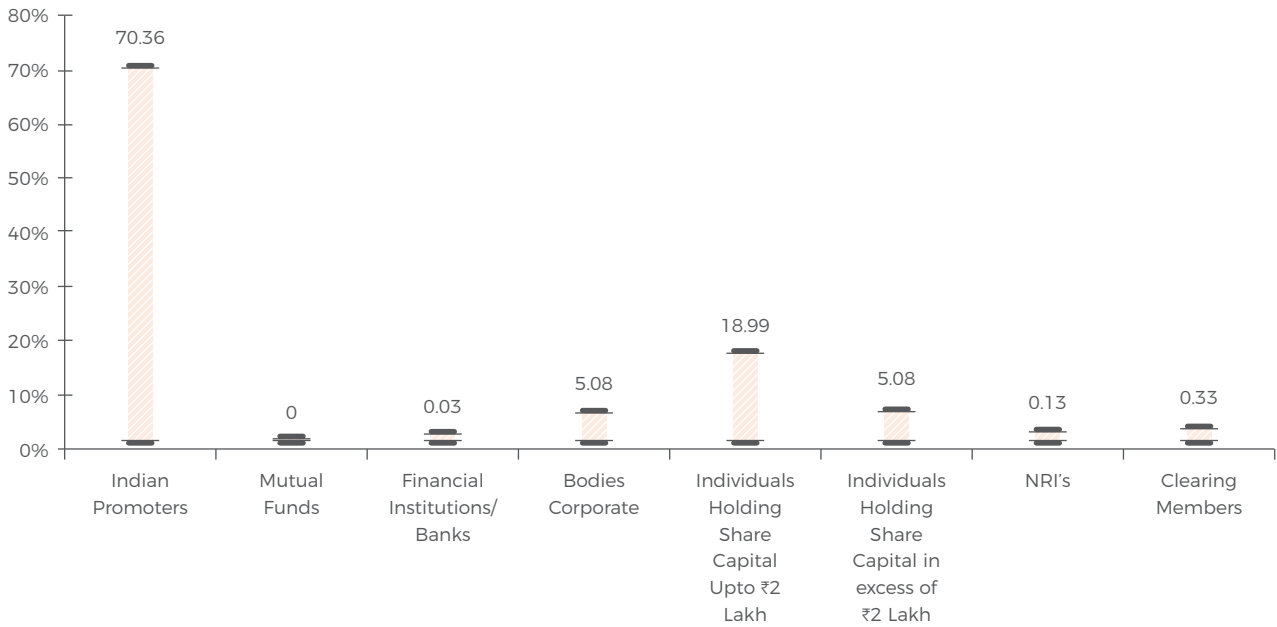
1. Distribution of Shareholding as on 31st March, 2017.

in ₹

No. of Equity Shares Slab	No. of Share Holders		No. of Shares	
	Total	%	Total	%
1 - 5000	3239	93.21	322232	7.55
5001 - 10000	107	3.08	82812	1.94
10001 - 20000	50	1.44	74508	1.75
20001 - 30000	21	0.60	52216	1.22
30001 - 40000	10	0.29	35012	0.82
40001 - 50000	13	0.37	59961	1.40
50001 - 100000	10	0.29	64705	1.52
10001 & above	25	0.72	3575554	83.8
TOTAL	3475	100	4267000	100

2. Shareholding Pattern as on 31st March, 2017:

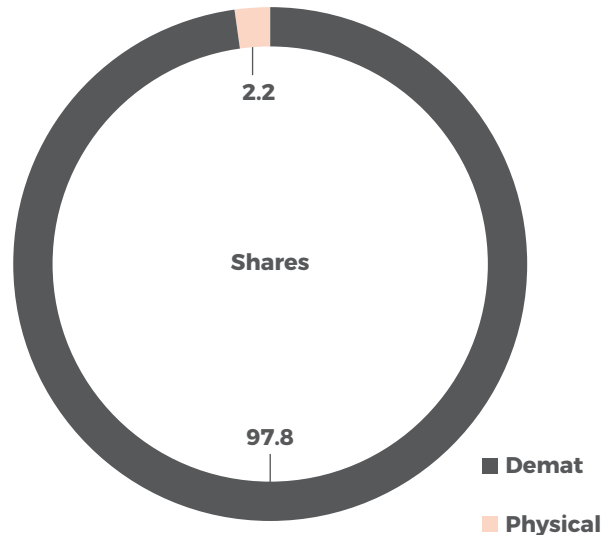
Category of Shareholder	No. of Share Holders	Total No. of shares	%
Promoter's Holding			
Indian Promoters	5	3002310	70.36
Foreign Promoters	0	0	0
Total Promoter's Holding (A)	5	3002310	70.36
Public Shareholding			
Institutional Investors			
Mutual Funds	2	96	0.00
Financial Institutions/Banks	2	990	0.03
Foreign Institutional Investors	0	0	0
Foreign Companies	0	0	0
Any Other	0	0	0
Non - Institutional Investors			
Bodies Corporate	90	216832	5.08
Individuals			
Holding share capital up to ₹2 lakh	3337	810260	18.99
Holding share capital in excess of ₹2 Lakh	6	216878	5.08
Others			
Non Resident Individuals	26	5649	0.13
Overseas Corporate Bodies	0	0	0
Trusts	0	0	0
Clearing Members	7	13985	0.33
Total Public Shareholding (B)	3470	1264690	29.64
Shares held by Custodian against Depository Receipts (C)	0	0	0
TOTAL (A+B+C)	3675	4267000	100



K) Dematerialization of Shares & Liquidity:

The shares of the company are compulsorily traded in DEMAT form in the Stock Exchanges where they are listed. The shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st March, 2017, **41,73,129 Equity shares** were dematerialized representing **97.8%** of the total paid up equity share capital of the Company. The ISIN allotted to the company's scrip is **INE132C01027**. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.



L) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity: NIL

m) Commodity price risk or foreign exchange risk and hedging activities; NIL

n) Plant Locations:

- | | |
|---|--|
| i) Marchala Village,
Kalwakurthy Mandal,
Nagar Kurnool District,
Telangana State
Pin Code: 509 320. | ii) Urukondapet Village, Urukonda Mandal,
Kalwakurthy - Jedcharla Road
Nagar Kurnool District,
Telangana State
Pin Code: 509 320 |
|---|--|

o) Registrar and Share Transfer Agents:

Address for Correspondence:

1. For transfer/dematerialization of shares, change of address of members and other queries relating to the shares of the company:

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower - B, Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad - 500 032, Telangana State
Phone No.: 040 - 6716 2222, 3321 1000, Fax No.040 - 2342 0814.
E-Mail: einward.ris@karvy.com., www.karvycomputershare.com

2. Share Transfer System: Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. The Executives of the Registrar are empowered to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars normally within 15 days.

3. Any queries relating to dividend, annual reports, etc., and the Address for correspondence:

The Compliance Officer,
Sri Deepesh Kumar Pipalwa
Company Secretary
Suryalata Spinning Mills Limited
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad - 500 003, Telangana State
Phone No. : 040-27819908/27819909/27774200
Fax No. : 040-27846859
E-mail : cs@suryalata.com

10) DISCLOSURES

- a) During the year under review, the Company had not entered into any material transaction with any of its related parties which may have potential conflict with the interest of the company at large.
- b) During last three years no penalties, strictures imposed on the Company by the Stock Exchange (s) or the Board or any statutory authority on any matter related to capital markets.
- c) The Board of Directors of the Company had adopted the Whistle Blower Policy. Employees can report the Management concerned unethical behavior, act suspected fraud or violation of the Company's Code of Conduct policy. None of the personnel has been denied access to the audit Committee.

d) The Disclosures of The Compliance with Mandatory Requirements and Compliance with Corporate Governance Requirements Specified in Regulation 17 to 27 and Clauses (B) To (I) of Sub-Regulation (2) of Regulation 46 are as Follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination & Remuneration Committee	Yes
20	Stakeholder Relationship Committee	Yes
21	Risk Management Committee	Not applicable
22	Vigil Mechanism	Yes
23	Related Party Transaction	Yes
24	Corporate Governance Requirements with respect to subsidiary of listed entity.	Not applicable
25	Obligation with respect to Independent Directors.	Yes
26	Obligations with respect to Directors and senior management.	Yes
27	Other Corporate Governance Requirements	Yes
46(2) (b) to (i)	Website	Yes

- e) The policy on related party transactions can be accessed on the Company website at www.suryalata.com
- f) The Company is not carrying on any commodity business and has also not undertaken any hedging activities, hence the same are not applicable to the Company.

g) Details of Compliance with Mandatory Requirements:

The Company has complied with all the mandatory requirements of Corporate Governance prescribed under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

h) Code of Conduct

The Board has approved a code of conduct for Board Members and Senior Management Personnel of the Company. The code of conduct has been posted on the website of the company. All Directors and senior management personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2017. A declaration to the effect signed by the Managing Director is given below:

DECLARATION

As provided under regulation 17 of Listing Obligation and Disclosure Requirements Regulations, 2015 the Board Members and the Senior Management Personnel have confirmed compliance with the code of conduct for the year ended 31st March, 2017.

Place: Secunderabad
Date: 19th May, 2017

Vithaldas Agarwal
Managing Director
DIN 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807

Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

We, Vithaldas Agarwal, Managing Director and K Nageswara Rao, CFO of Suryalata Spinning Mills Limited hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2017 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place: Secunderabad
Date : 19th May, 2017

Vithaldas Agarwal
Managing Director

K Nageswara Rao
Chief Financial Officer

Auditors' Certificate on Compliance of Corporate Governance

To
The Members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYALATA SPINNING MILLS LIMITED** for the year ended 31st March, 2017 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the said listing agreement/listing regulations.

We state that in respect of Investor grievances received during the year ended 31st March, 2017, no investor grievances are pending against the Company as per the records of the company. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **BRAHMAYYA & Co.,**
Chartered Accountants
(Firm Regn. No. 000513S)

K Shravan
Partner
Membership No.215798

Place: Hyderabad
Date : 19th May, 2017

Information as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of Directors Report for the year ended 31st March, 2017.

The information as per Section 134 of the Companies Act, 2013 has to be presented :

A. Conservation of energy

- (i) **The steps taken or impact on conservation of Energy** : Synchronized Maintenance schedules, installed horizon series, screw, compressor, conducted regular energy audit and taken immediate steps to curtail power consumption.
- (ii) **The Steps taken by the Company for utilising alternate sources of Energy** : NIL
- (iii) **The Capital Investment on energy conservation equipments** : NIL

B. Technology absorption:

- (i) **The efforts made towards technology absorption** : The company has adapted indigenous technology and made innovation on the same.
- (ii) **The benefits derived like product Improvement, cost reduction, product Development or import substitution** : Product development, increase in yield and quality has resulted increase in turnover.
- (iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the Financial year)** : No technology has been imported during the last five years.
 - (a) **The details of technology imported** : Nil
 - (b) **The year of import** : Not applicable
 - (c) **Whether the technology been fully Absorbed** : Not applicable
 - (d) **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;** : Not applicable
- (iv) **the expenditure incurred on Research and Development Efforts** : Nil

C. Foreign exchange earnings and outgo:

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for production, service, and export plans. : Exports exploration activities mainly include development of exports to new markets and increasing exports to traditional markets.

2. Total foreign exchange used and earned:

(₹ in Lakhs)

	2016 - 2017	2015 - 2016
(i) Foreign Exchange earned		
FOB Value of Exports	2302.24	1711.98
(ii) Foreign Exchange Used		
Import of Capital Goods	38.40	NIL
Raw materials	NIL	NIL
Spares	93.25	78.93
Foreign Travel	NIL	25.79
Commission on export sales	26.89	14.63

For and on behalf of the Board
For **Suryalata Spinning Mills Limited**

Vithaldas Agarwal
Managing Director
DIN 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807

Place: Secunderabad
Date : 19th May, 2017

Management Discussion and Analysis



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Organisation - Profile

Suryalata Spinning Mills Limited is one of the largest producers of Synthetic blended Yarns. The company produce 100% PSF, 100% VSF, Mélange, P/V blended yarns with counts ranging from 8s to 60s. The company is having two manufacturing units at Kalwakurthy and Urukondapet- Jadcherla Road, only an hour away from the Hyderabad International Airport and the distance between the units is 5 Kms. The Company had total installed capacity of 93,264 spindles, Kalwakurthy unit has an installed capacity of 36,288 spindles with a production capacity of 30MT's per day and Urukondapet unit has an installed capacity of 56,976 spindles with a production capacity of 50MT's per day. Both the manufacturing units are certified "ISO 9001:2008".

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employees about 40 million workers and 60 million indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

Industry Structure and Development

Global Economy

Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors

and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments— together with a host of noneconomic factors, including geopolitical tensions and political discord—are generating substantial uncertainty. On the whole, they are consistent with a subdued outlook for the world economy—but risks of much weaker global growth have also risen.

In addition, China has moved towards a service economy to result in a changing supply chain landscape, at the benefit of South East Asian countries.

Indian Economy

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly.

The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.



India, being 2nd largest textile manufacturer as well as fibre producer in the world. India is one of the world's leading and most cost efficient producers of the spun yarn. India is major exporting country as far as textile sector is concerned and not dependent on import.

Production of yarn grew to 5665 Million Kgs in FY 2016 from 4712 million Kgs in FY 2011, implying a CAGR of 3.75 percent.

Production of yarn between April to January 2017 stood at 4727 million kg.

Cotton yarn accounts for the largest share in total yarn production in FY 2017, the segment share amounted to 71.44 percent.

India is the fastest growing market and is expected to become the 3rd biggest apparel market in the world by 2025 with a total market size of around USD 500 billion as per the CII report. The domestic market is projected to go up from USD 68 billion in 2013 to USD 315 billion in 2025, and the export market is projected to grow from USD 40 billion to USD 185 billion in 2025. The segments contributing in the growth is likely to be from technical textiles and apparels. India has a potential to double its market share in global trade from 5% to 10% by 2025.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The government of india has announced ₹7500 Crores for garment industry. The Key Initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below.

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from ₹1,36,000 crore (US\$ 20.4 billion) to ₹2,44,000 crore (US\$ 36.6 billion).
- Upgrade labour skills by allocating ₹2,200 crore (US\$ 330 million).

Some of initiatives taken by the government to further promote the industry are as under:

- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce

companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer.

- Memorandum of Understanding (MoU) worth ₹8,835 crore (US\$ 1.3 billion) in areas such as textile parks, textile processing, machinery, carpet development and others, were signed during the Vibrant Gujarat 2017 Summit.
- The Union Minister for Textiles inaugurated Meghalaya's first-ever apparel and garment making centre to create employment opportunities in the region. The Union Minister for Textiles also mentioned Meghalaya has been sanctioned ₹32 crore (US\$ 4.8 million) for promotion of handlooms.
- The Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of ₹80,630 crore (US\$ 12.09 billion) in the next three years.
- The Clothing Manufacturers' Association of India (CMAI) has signed a memorandum of understanding (MOU) with China Chamber of Commerce for Import and Export of Textiles (CCCT) to explore potential areas of mutual co-operation for increasing apparel exports from India.
- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.

Subsidies on machinery and infrastructure

- The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers manufacturing of major machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement also provided to the specified technical textile machinery under RRTUFS.
- Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to ₹40 crore (US\$ 6 million). Under this scheme the technical textile units can also avail its benefits.

The major machinery for production of technical textiles receives a concessional customs duty list of 5 per cent.

The Government of India has implemented several export promotion measures such as:

- Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2 per cent of freight on board (FOB) value of exports.
- Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries.
- Under the Market Development Assistance (MDA) Scheme, financial assistance is provided for a range of export promotion activities implemented by Textiles Export Promotion Councils.





SWOT Analysis

STRENGTHS :

Raw material base

India has high self sufficiency for raw material particularly natural fibres. India's cotton crop is the third largest in the world. Indian textile Industry produces and handles all types of fibres.

Flexibility

The small size of manufacturing which is predominant in the apparel industry allows for greater flexibility to service smaller and specialized orders.

Rich Heritage

The cultural diversity and rich heritage of the country offers good inspiration base for designers.

Others:

1. Resilient long-term demand, thanks to rising middle classes in emerging markets.
2. Steadier supply cost thanks to higher resort to manmade fibers, whose prices are less volatile than those of cotton or wool

WEAKNESS

I. More dependence on cotton

Due to over specialization in cotton, the bulk of the international market is missed out, synthetic products in India are expensive and fabric required for items like swimsuit, sky-wear and industrial apparel is relatively unavailable.

II. Spinning Sector

Spinning sector lacks modernization and there is a need of introducing new technology.

III. Fabric Processing

Processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports.

IV. Poor Infrastructure

High power costs and long export lead times are eroding India's export competitiveness across the textile chain.

V. Others:

1. Profitability undermined by volatile raw material prices and rising wages
2. Fierce competition weighing on margins and further stressed by e-commerce activities
3. Changing consumer behavior (e.g. fast fashion) forcing T&C to become more flexible

OPPORTUNITIES

I. Integration of Information technology

'SupplyChain Management' and 'Information Technology' has a crucial role in apparel manufacturing. Availability of EDI (Electronic Data Interchange), makes communication fast, easy, transparent and reduces duplication.

II. Opportunity in High Value Items

India has the opportunity to increase its UVR's (Unit Value Realization) through moving up the value chain by producing value added products and by producing more and more technologically superior products.

THREATS

1. **Formation of Trading Blocks-** Formation of trading blocks like NAFTA, SAPTA, etc; has resulted in a change in the world trade scenario. Existence of bilateral agreements would result in significant disadvantage for Indian exports.
2. Slow pace of development of infrastructure, availability of power etc.
3. High cost of meeting strict environmental standards.
4. Competitor countries like China produce cheap and good quality crafts.
5. Preferential tariff regimes for close competitors in certain major markets.
6. Continuation of recessive trends for an extended period will cast its long shadow on textiles industry.



Outlook

The economy is on the path of recovery and the Company expects good demand for its products in domestic as well as international markets. Major markets for Indian Textile and Clothing (T&C) export are the USA, Germany, Italy, Portugal, Spain, Switzerland, U.K. Belgium, and other European countries, Argentina, Brazil, Turkey, Per, Chile and other south American Countries, Egypt, Kenya, Morocco and other African countries. The domestic market is also on the path of healthy growth because of the fact that few manufacturing facilities operating abroad have closed down due to recession. The home-textiles and garment segments are reflecting sound growth both in the domestic and international markets due to good demand of apparels. There is a substantial scope for further growth in these segments. Your Company believes that the competition in the emerging markets will be met by developing production systems based on cost efficiency, high productivity, quality assurance, etc.

Internal Control Systems and their Adequacy

The Company has a well established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent personnel. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of follow-up action required. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the laws and regulations that govern its business.

Discussion on Financial Performance with respect to operational performance

The Net turnover of your Company for the Financial Year 2016-17 was ₹34,653 Lakhs in comparison to ₹35,369 Lakhs in the previous year. The production during the year was 24889 MTS in comparison to 25,795 MTS in previous year.

Your Company has earned a Profit Before Tax of ₹1430 Lakhs in comparison to ₹1455 Lakhs in the previous year. The Company earned a profit after tax of ₹943 Lakhs in comparison to ₹960 Lakhs in the previous year inspite of losses incurred by the Indian Textile Industries across the board.

Human Resource Developments / Industrial Relations

There were no material developments in the Human Resources. The industrial relations were generally found satisfactory.

The Company firmly believes that Human Resource Development strategies and practices will continue to provide a sustained competitive advantage and will continuously work towards nurturing and enhancing a competitively superior position in terms of human capital, people processes and employees behavior.

During the period under review, the total number of people employed by the Company is 1511 in addition to indirect employment created.

Road Ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10 - year period.

The Union Ministry of Textiles, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalising guidelines for the revised Textile Upgradation Fund Scheme (TUFS).

The Indian cotton textile industry is expected to showcase a stable growth in FY 2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand.



**Financial
Statements**

Independent Auditor's Report

To
The Members Of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD.

Report on the Financial Statements

We have audited the accompanying financial statements of SURYALATA SPINNING MILLS LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a

statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24 (3) (a) (v) of financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note 24 (3) (L) to the Financial Statements.

for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner
Membership No. 215798

Place : Hyderabad
Date : 19.05.2017

Annexure - A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, for the year ended March 31, 2017.

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 physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
 - c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7.
 - a. According to the records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period more than six months from the date they became payable.
 - b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
8. 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 during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, the provisions of paragraph 3 (ix) of the Companies (Auditor's Report) Order 2016 are not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner
Membership No. 215798

Place : Hyderabad
Date : 19.05.2017

Annexure - B to the Auditor's Report:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD ("the Company") as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being

made only in accordance with authorisations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Regn No. 0005135

(K.SHRAVAN)

Partner
Membership No. 215798

Place : Hyderabad
Date : 19.05.2017

Balance Sheet

As at 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Refer Note No.	As at 31 Mar 2017		As at 31 Mar 2016	
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
a) Share Capital	1	961.70		961.70	
b) Reserves and Surplus	2	9,000.97	9,962.67	8,056.98	9,018.68
2. Non-current liabilities					
a) Long-term borrowings	3	2,619.92		4,277.17	
b) Deferred tax liabilities (Net)		1,704.11	4,324.03	1,642.11	5,919.28
3. Current liabilities					
a) Short-term borrowings	4	3,870.82		2,813.18	
b) Trade payables	5	327.84		356.60	
c) Other current liabilities	6	2,624.86		2,776.21	
d) Short-term provisions	7	675.31	7,498.83	621.55	6,567.54
TOTAL			21,785.53		21,505.50
II. ASSETS					
1. Non-current assets					
a) Fixed assets	8				
Tangible assets		13,203.61		13,426.04	
Intangible assets		8.49		-	
Capital work-in-progress		630.66		513.72	
b) Long-term loans and advances	9	747.73	14,590.49	637.54	14,577.30
2. Current assets					
a) Current investments	10	0.21		0.21	
b) Inventories	11	2,140.36		1,822.85	
c) Trade receivables	12	3,038.36		2,801.59	
d) Cash and cash equivalents	13	87.84		59.97	
e) Short-term loans and advances	14	795.42		636.87	
f) Other current assets	15	1,132.85	7,195.04	1,606.71	6,928.20
TOTAL			21,785.53		21,505.50
Accounting Policies and Notes on Accounts	24				

As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K SHRAVAN
Partner
Membership No. 215798

DEEPESH KUMAR PIPALWA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : **Secunderabad**
Date : 19th May, 2017

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Statement of Profit and Loss

for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Refer Note No.	Year ended 31 Mar 2017	Year ended 31 Mar 2016
INCOME			
I. Revenue from operations	16	34,652.63	35,369.45
II. Other Income	17	455.37	314.18
III. Total Revenue (I+II)		35,108.00	35,683.63
IV. Expenses			
Cost of Raw material Consumed	18	23,602.79	23,249.74
Changes in inventories of finished goods, and work in Process	19	(234.82)	73.54
Employee benefits expense	20	2,339.38	2,135.23
Finance costs	21	715.06	915.01
Depreciation and amortization expense	22	811.77	810.68
Other expenses	23	6,442.83	7,043.74
Total expenses		33,677.01	34,227.94
V. Profit before tax		1,430.99	1,455.69
VI. Tax expense			
Current year Income Tax		425.00	400.00
Deferred tax		62.00	95.10
Sub-Total - Tax expense :		487.00	495.10
VII. Profit for the year, after tax		943.99	960.59
VIII. Earnings per equity share			
(1) Basic		22.12	21.88
(2) Diluted			
Accounting Policies and Notes to Accounts	24		

As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K SHRAVAN
Partner
Membership No. 215798

DEEPESH KUMAR PIPALWA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : **Secunderabad**
Date : 19th May, 2017

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Cash Flow Statement

for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017		Year ended 31 Mar 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		1,430.99		1,455.69
Add: Depreciation	811.77		810.68	
Finance Charges	682.07		828.77	
(Profit)/Loss on sale of Assets (net)	1.69	1,495.53	(2.20)	1,637.25
		2,926.52		3,092.94
Less: Interest earned	48.84		52.14	
Rent Received	0.60		0.87	
Dividend received	-		0.02	
Direct Taxes paid	325.87	375.31	517.06	570.09
Operating Profit before working capital changes		2,551.21		2,522.85
Add: Decrease/(Increase) in Inventories	(317.52)		362.63	
Decrease/(Increase) in Receivables	(236.77)		820.94	
Decrease/(Increase) in Loans & Advances	359.70		316.67	
(Decrease)/Increase in Current Liabilities	(186.61)	(381.20)	(16.39)	1,483.85
Net Cash flow from Operating activity (A)		2,170.01		4,006.70
B. CASHFLOW FROM INVESTING ACTIVITIES				
INFLOW:				
Sale of Assets(net of taxes)	5.10		6.00	
Interest Received	49.42		48.99	
Rent Received	0.60		0.87	
Dividend received	-	55.12	0.02	55.88
OUTFLOW:				
Acquisition of fixed assets including Capital Work in Progress	(721.55)		(655.48)	
(Increase)/Decrease in Advance for Capital equipment	(135.49)		(174.68)	
(Increase)/ Decrease in Investments	-	(857.04)	0.90	(829.26)
Net Cash flow from Investing activity (B)		(801.92)		(773.38)

Cash Flow Statement

for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017		Year ended 31 Mar 2016	
C. CASH FLOW FROM FINANCING ACTIVITIES				
INFLOW:				
Preference Share money	-		385.00	
Term Loans Received	-		325.00	
Hire Purchase Loans Received	35.67		-	
Unsecured Loans received	85.51		564.25	
Increase/(decrease) in Bank Borrowings	1,012.14	1,133.32	(950.86)	323.39
OUTFLOW:				
Repayment of Term loans	1,550.21		2,039.83	
Dividends Paid	47.83		130.47	
Repayment of Hire Purchase loans	23.34		21.58	
Repayment of Unsecured loans	40.00		381.25	
Repayment of sales tax loans	111.47		143.48	
Interest Paid	700.69	2,473.54	846.59	3,563.20
Net Cash flow from financing activities (C)		(1,340.22)		(3,239.81)
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)		27.87		(6.49)
Add: Cash/Cash equivalents at the beginning of the year		59.97		66.46
Cash/Cash equivalents at the end of the year		87.84		59.97

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As Per Our Report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K SHRAVAN
Partner
Membership No. 215798

DEEPESH KUMAR PIPALWA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : **Secunderabad**
Date : 19th May, 2017

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 1

SHARE CAPITAL

Authorised	As at 31 Mar 2017		As at 31 Mar 2016	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares of ₹10/- each	90,00,000	900.00	50,00,000	500.00
Preference Shares of ₹100/- each	8,00,000	800.00	12,00,000	1200.00
		1,700.00		1700.00
Issued, Subscribed and Paid up				
Equity Shares of ₹10/- each fully paid up	42,67,000	426.70	42,67,000	426.70
7% Cum Redeemable Pref Shares of ₹100/- each (Series -IX)	1,50,000	150.00	1,50,000	150.00
8% Cum Redeemable Pref Shares of ₹100/- each (Series - X)	3,85,000	385.00	3,85,000	385.00
		961.70		961.70

a. Rights attached to equity Shares:

The company has only one class of equity shares having at par value of ₹10/- each per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees, the dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Reclassification of Authorized Share Capital

During the Financial Year 2016-17 the authorized share capital of company was reclassified consisting of 90 Lakhs equity shares of ₹10/- each, 8 Lakhs cumulative redeemable preference shares of ₹100/- each, as approved by the members in the Annual General Meeting held on 28th September, 2016.

Disclosure pursuant to Note no.6(A)(d) of part I of Schedule III to the Companies Act, 2013

Particulars	Equity Shares ₹10/- each		Preference Shares ₹100/- each	
	31.03.17	31.03.16	31.03.17	31.03.16
Shares Outstanding at the beginning of the year	42,67,000	42,67,000	5,35,000	1,50,000
Shares Issued during the year *	N.A.	N.A.	N.A.	3,85,000
Shares redeemed / bought back during the year	N.A.	N.A.	N.A.	N.A.
Shares outstanding at the end end of the year	42,67,000	42,67,000	5,35,000	5,35,000

Details of Share holders holding more than 5% shares in the Company

Name of Shareholder	As at 31 Mar 2017		As at 31 Mar 2016	
	No.of shares held	% of Holding	No.of shares held	% of Holding
Vithaldas Agarwal	8,18,844	19.19	8,18,844	19.19
Mahender Kumar Agarwal	12,47,133	29.23	12,47,133	29.23
Madhavi Agarwal	6,64,161	15.57	6,64,161	15.57

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 1 (Contd..)

Details of Non convertible redeemable preference shares

(Figures in ₹ Lakhs)

Nature	Series	Amount	Date of Issue	Date of Redemption
7% CRPSs of ₹100/- each	IX	150.00	06.03.2009	05.03.2021
8% CRPSs of ₹100/- each	X	385.00	10.11.2015	09.11.2027

NOTE 2

RESERVES AND SURPLUS

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a. Capital Reserve (Subsidy)		
At the Commencement of the year	15.00	15.00
Closing Balance	15.00	15.00
b. Capital Redemption Reserve		
At the commencement of the year	1,057.35	1,057.35
Closing Balance	1,057.35	1,057.35
c. Preference Capital Redemption Reserve		
At the commencement of the year	535.00	150.00
Add: Transfer from Reserves & Surplus	-	385.00
Closing Balance	535.00	535.00
d. Other Reserves :		
i) General Reserve		
At the commencement of the year	4,110.00	3,610.00
Add: Transfer from Surplus	1,000.00	500.00
Closing Balance	5,110.00	4,110.00
ii) Security Premium		
At the commencement of the year	1,288.20	1,288.20
Closing Balance	1,288.20	1,288.20
e. Surplus :		
At the commencement of the year	1,051.43	1,033.40
Add: Current year profit	943.99	960.59
Closing Balance	1,995.42	1,993.99
Less : Equity Dividend	-	25.29
Preference Dividend	-	22.53
Corporate Dividend tax	-	9.74
Transfer to Preference shares redemption reserve	-	385.00
Transfer to General reserve	1,000.00	500.00
Closing Balance	995.42	1,051.43
Grand Total (a+b+c+d+e)	9,000.97	8,056.98

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 3

LONG TERM BORROWINGS

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
LONG TERM BORROWINGS		
SECURED		
a). Term loans Under TUFs from Banks		
1) IDBI Bank Limited		
a) Term Loan - URKD (TFO)	152.30	278.46
b) Term Loan - URKD (Expn-2)	300.00	900.00
c) WC TL - URKD (Expn-2) - Non TUF	25.00	125.00
d) Term Loan - URKD	650.00	850.00
2) State Bank of India		
a) Term Loan - URKD (Expn-1)	-	53.28
b) Term Loan - URKD (Expn-2)	60.00	300.00
c) FCNB(C&I)\$ TL-SBI-1000L - Non TUF	344.06	607.15
Total	1,531.36	3,113.89

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Appendix:

- Loans referred in (1) and (2) are secured by pari passu first charge on all movable and immovable properties of the Company present and future. The loans further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the company.

Terms of Repayment:

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
1) IDBI Bank Limited			
a) Term Loan - URKD (TFO)	10.03.2010	13.50%	5
b) Term Loan - URKD (Expn-2)	24.08.2011	12.30%	2
c) WC TL - URKD (Expn-2)	03.01.2013	12.00%	1
d) Term Loan - URKD	04.08.2014	13.00%	13
2) State Bank of India			
a) Term Loan - URKD (Expn-1)	24.08.2009	11.65%	0
b) Term Loan - URKD (Expn-2)	24.08.2011	11.65%	1
c) FCNB(C&I)\$ TL-SBI-1000L	27.11.2014	5.70%	7

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 3 (contd..)

	As at 31 Mar 2017	As at 31 Mar 2016
b) Other loans and advances		
Vehicle Hire Purchase Loans	26.23	10.10
Total	26.23	10.10

Terms of Repayment : Monthly instalments

Vehicle loans above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.

(Figures in ₹ Lakhs)

	As at 31 Mar 2017	As at 31 Mar 2016
c) Unsecured		
Other Long Term Borrowings		
(I) Loans and advances		
From Bodies Corporate	5.11	5.11
Total	5.11	5.11

	As at 31 Mar 2017	As at 31 Mar 2016
d) Sales Tax Loans (Deferment)	1,057.22	1,148.07
Total	1,057.22	1,148.07
Total (a+b+c+d)	2,619.92	4,277.17

The Salestax loans (deferment) liability amounting to ₹ 1,057.22 Lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount (₹ Lakhs)	Repayment Due on
2004-05	86.88	01.04.2019
2005-06	176.57	01.04.2020
2006-07	162.92	01.04.2021
2007-08	113.16	01.04.2022
2008-09	110.78	01.04.2023
2009-10	94.83	01.04.2024
2010-11	92.53	01.04.2025
2011-12	87.49	01.04.2026
2012-13	82.62	01.04.2027
2013-14	49.44	01.04.2028
Total	1,057.22	

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 4

SHORT TERM BORROWINGS

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a) Secured		
i) Loans repayable on demand from banks		
a) State Bank of India		
Cash Credit	2,573.51	1,918.66
SLC Against export gold card scheme	-	47.75
Export Packing Credit	380.33	223.54
b) IDBI Bank Ltd		
Cash Credit	571.47	323.23
Total	3,525.31	2,513.18

* Working Capital loans from bank referred to in (a) above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company.

b) Un Secured		
i) Loans from Directors	345.51	300.00
Total	345.51	300.00
Total (a+b)	3,870.82	2,813.18

NOTE 5

TRADE PAYABLES

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
A) SUNDRY CREDITORS		
Due to Micro, Small and Medium Enterprises (Refer Note No: 24 (3) (h))	137.20	173.76
Others	190.64	182.84
Total	327.84	356.60

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 6

OTHER CURRENT LIABILITIES

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
Current maturities of long-term debt-		
Term Loans under TUFs from Banks		
1) IDBI Bank Limited		
a) Term Loan - URKD (TFO)	126.16	126.16
b) Term Loan - URKD (New project)	600.00	600.00
c) WCTL Loan - URKD	100.00	100.00
d) Rupee Term Loan - URKD	200.00	150.00
2) State Bank of India		
a) Term Loan - URKD (Expn-1)	53.28	70.96
b) Term Loan - URKD (New project)	240.00	240.00
c) FCNB Loan	200.00	200.00
	1,519.44	1,487.12
Advances received against sales	163.60	87.97
Unclaimed dividends	8.28	7.05
Vehicle Hire Purchase Loans	17.01	20.80
Sales tax Loans (Deferment)	90.85	111.47
Interest Accrued and due	34.33	52.95
Sundry Creditors for: Expenses	687.51	920.59
Sundry Creditors for: Other Finance	57.70	60.44
Sundry Creditors for: Capital Expenditure	46.14	27.82
Total	2,624.86	2,776.21

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NOTE 7

SHORT TERM PROVISIONS

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a) Provisions for employee benefits		
Salary and Wages	153.10	167.31
Contribution to PF & ESI	16.82	15.17
Gratuity Fund	69.51	62.84
Leave Encashment	36.45	36.16
Bonus Payable	70.64	63.94
b) Others (Specify nature)		
Provisions for Income Tax (net)	328.79	218.57
Proposed Equity Shares Dividend	-	25.29
Proposed Preference Shares Dividend	-	22.53
Corporate Dividend Tax	-	9.74
Total	675.31	621.55

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 8 FIXED ASSETS

(Figures in ₹ Lakhs)

Description	Gross Block				Depreciation			Net Block	
	As at 1 Apr 2016	Additions	Deductions	As at 31 Mar 2017	For the year	Upto 1 Apr 2016	Upto 31 Mar 2017	As at 31 Mar 2017	As at 31 Mar 2016
A. Tangible Assets									
Land	198.15	-	-	198.15	-	-	-	198.15	198.15
Factory Buildings	3,185.76	8.43	-	3,194.19	104.57	781.19	885.76	2,308.42	2,404.57
Non Factory Buildings	1,013.66	398.93	-	1,412.59	19.30	155.45	174.75	1,237.85	858.21
Plant & Machinery	14,737.98	126.54	-	14,864.52	489.79	5,693.98	6,183.77	8,680.75	9,044.00
Testing Equipment	89.75	-	-	89.75	8.59	69.98	78.57	11.18	19.77
Electrical Installations	975.50	-	-	975.50	104.26	593.99	698.25	277.25	381.51
Data Processing Equipment	64.18	2.47	-	66.65	1.94	59.53	61.47	5.18	4.65
Workshop Equipment	24.84	-	-	24.84	1.65	14.55	16.20	8.64	10.29
Weighing Machinery	13.70	-	-	13.70	0.35	10.93	11.28	2.42	2.77
Water Works	13.81	13.75	-	27.56	2.29	10.60	12.89	14.67	3.21
Material Handling Equip- ment	432.38	-	-	432.38	28.88	97.93	126.81	305.57	334.45
Furniture & Fixtures	102.80	2.89	-	105.69	9.66	55.03	64.69	41.00	47.77
Office Equipment	78.26	-	-	78.26	8.11	60.10	68.21	10.05	18.16
Vehicles	235.00	41.41	13.20	263.21	30.67	136.47	160.73	102.48	98.53
Total	21,165.77	594.42	13.20	21,746.99	810.06	7739.73	8543.38	13,203.61	13,426.04
B. Intangible Assets									
Computer Software	-	10.20	-	10.20	1.71	-	1.71	8.49	-
Total	-	10.20	-	10.20	1.71	-	1.71	8.49	-
C. Capital work in Progress									
	513.72	650.84	533.90	630.66	-	-	-	630.66	513.72
Total (A+B+C)	21,679.49	1,255.46	547.10	22,387.85	811.77	7739.73	8545.09	13,842.76	13,939.76
Less: Internal Transfers	-	533.90	533.90	-	-	-	-	-	-
Total	21,679.49	721.56	13.20	22,387.85	811.77	7739.73	8545.09	13,842.76	13,939.76
Previous Year 2015-16	21,063.44	655.48	39.43	21,679.49	810.68	6,964.68	7,739.73	13,939.76	14,098.76

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 9

LONG TERM LOANS AND ADVANCES

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
Deposits Recoverable		
(Un Secured considered good)	747.73	637.54
(Telephone, TSSPDCL & Other Deposits)		
Total	747.73	637.54

NOTE 10

CURRENT INVESTMENTS

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
At Cost Unquoted - Non traded		
National Saving Certificate (Pledged with Sales Tax Department)	0.01	0.01
Investment in Equity Instruments		
At Cost - Quoted - Traded		
800 Equity Shares in UCO Bank of ₹10/- with Premium 2/- each (Market Value ₹29,072/-, Previous Year ₹30,920/-)	0.10	0.10
At Cost Unquoted - Non traded		
999 Equity Shares in YP Solar P Ltd of ₹10/- each	0.10	0.10
Total	0.21	0.21

NOTE 11

INVENTORIES

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
(As certified by the management)		
a) Raw Materials	624.67	532.85
(Valued at lower of cost or net realisable value basis)		
b) Stores & Spares	192.33	201.46
(Valued at cost on weighted average basis)		
c) Finished Goods (including consignment stocks)	942.21	744.14
(Valued at lower of cost or net realisable value basis)		
d) Stocks-in-process	381.05	343.28
(Valued at cost)		
e) Waste (at realisable value)	0.10	1.12
Total	2,140.36	1,822.85
* Details of Raw Materials :		
Polyster Staple Fibre	298.87	388.80
Viscose Staple Fibre	325.80	144.05
	624.67	532.85

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 12

TRADE RECEIVABLES

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
Receivables for a period exceeding six months	43.94	42.62
Receivables for a period less than six months (Unsecured and considered good)	2,994.42	2,758.97
Total	3,038.36	2,801.59

NOTE 13

CASH AND CASH EQUIVALENTS

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a) Cash on Hand	5.49	9.65
b) Balances with Banks With Scheduled Banks	41.21	10.41
c) Balance with Banks against Dividends payments	8.28	7.05
d) Fixed deposits with Banks	32.85	32.85
e) With Post Office Savings Bank (Pledged with Central Excise Dept)	0.01	0.01
Total	87.84	59.97

NOTE 14

SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a) Advances for Capital Works	492.76	338.95
b) Advances for Suppliers & Expenses	260.48	258.06
c) Advances to Staff & Workers	18.22	17.25
d) Tax Deducted at Source	23.96	22.61
Total	795.42	636.87

Notes forming part of the Financial Statements

As at 31st March 2017

NOTE 15

OTHER CURRENT ASSETS

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
a) Terminal Excise Duty Receivable	12.79	19.63
b) TUF Rebate receivable from Banks	191.10	351.06
c) State Incentive Receivables	727.50	1,036.67
d) Export Benefit entitlement Receivable	81.67	100.99
e) Misc Income Receivable	31.12	0.07
f) Cenvat benefit entitlement	15.47	15.46
g) Interest receivable	48.82	49.40
h) Prepaid Expenses	24.38	33.43
	1,132.85	1,606.71

NOTE 16

SALE OF PRODUCTS

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Yarn	34,598.31	35,339.70
Waste / Scrap	54.32	55.88
Total Sales :	34,652.63	35,395.58
Less : Excise Duty	-	26.13
Total	34,652.63	35,369.45

NOTE 17

OTHER INCOME

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest earned	48.84	52.14
Dividend received	-	0.02
Miscellaneous income	0.63	2.19
Profit on sale of investments / assets (net)	-	2.20
Export benefit entitlements	404.31	256.09
Prior period income	1.59	1.54
Total	455.37	314.18

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 18

RAW MATERIAL CONSUMED

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Opening Stock	532.85	803.55
Add: Purchases	23,694.62	23,029.28
	24,227.47	23,832.83
Less : Sale of raw material	-	50.24
Less: Closing Stock	624.68	532.85
Total Cost of Raw materials consumed :	23,602.79	23,249.74

Particulars	Year ended 31 Mar 2017		Year ended 31 Mar 2016	
Indigeneous	100.00%	23,602.79	100.00%	23,249.74
Imported	-	-	-	-
Total	100.00%	23,602.79	100.00%	23,249.74

Details of Raw Material Consumed

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Polyster Staple Fibre	19,050.41	19,352.30
Viscose Staple Fibre	4,552.38	3,897.44
Total	23,602.79	23,249.74

NOTE 19

CHANGES IN INVENTORIES OF FINISHED GOODS, AND WORK-IN-PROCESS

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
(INCREASE) / DECREASE IN STOCKS		
OPENING STOCKS		
Yarn	744.14	919.85
Stock in process	343.28	240.18
Waste	1.12	2.05
	1,088.54	1,162.08
CLOSING STOCKS		
Yarn	942.21	744.14
Stock in process	381.05	343.28
Waste	0.10	1.12
	1,323.36	1,088.54
(INCREASE) / DECREASE IN STOCKS	(234.82)	73.54

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 20

EMPLOYEES BENEFIT EXPENSES

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
a) Salaries, Wages and Bonus	1,924.56	1,763.15
b) Contribution to Provident Fund	140.88	133.27
c) Contribution to Employee State Insurance	57.26	51.43
d) Contribution to Group Insurance (EDLI)	16.51	12.25
e) Staff welfare expenses	106.69	96.03
f) Gratuity	93.48	79.10
Total	2,339.38	2,135.23

NOTE 21

FINANCE COSTS

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest on term loans	288.19	404.44
Interest on others	393.88	424.33
Net gain/(loss) on foreign currency transactions & translation	(13.31)	50.85
Bank charges	46.30	35.39
Total	715.06	915.01

NOTE 22

DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Depreciation	811.77	810.68
Total	811.77	810.68

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 23

OTHER EXPENSES

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Stores consumed		
Stores and Spares	474.27	458.53
Packing Material	436.62	433.40
Power and Fuel		
Electricity charges	3,092.16	3,798.53
Repairs to		
Buildings	17.48	33.60
Machinery	342.11	390.95
Others	12.03	7.28
Sales Expenses		
Sales Tax	591.35	642.88
Commission on Sales	88.47	39.24
Freight & Others - Domestic Sales	602.46	549.65
Freight & Others - Export Sales	145.90	88.84
Payments to Auditors		
As Auditors	1.15	1.14
for Tax Audit	0.29	0.29
for Certification	0.72	0.69
for Tax Representation	-	0.46
for Cost Auditors	0.25	-
Rates and Taxes	24.07	22.22
Printing and Stationery	11.44	9.13
Postage, Telegrams and Telephones	12.68	12.44
Travelling, Conveyance and Vehicle expenses	70.29	113.06
Insurance	26.65	27.26
Managerial Remuneration	176.93	178.71
Directors sitting fees	1.19	1.24
Professional charges	28.99	17.49
Office Maintenance	155.19	150.42
Miscellaneous expenses	62.35	35.17
Corporate Social Responsibility	32.52	30.21
Loss on sale of assets (Net)	1.69	-
Donations	33.58	0.91
Total	6,442.83	7,043.74

Imported and Indigeneous Stores & Spare parts consumed

Particulars	Year ended 31 Mar 2017		Year ended 31 Mar 2016	
Indigeneous	78.22%	370.98	81.05%	371.62
Imported	21.78%	103.28	18.95%	86.91
Total	100.00%	474.26	100.00%	458.53

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24

1. Background and nature of operation

Suryalata spinning mills limited (the "Company") has been incorporated on 23rd May, 1983. The Company is engaged in the business of manufacture of Synthetic Blended Yarns. The Company is listed on Bombay Stock Exchange.

2 Significant Accounting Policies

a) Basis of Accounting

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply with all material respects with the mandatory Accounting Standards ("AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act and pronouncements of the Institute of Chartered Accountants of India ('ICAI') The financial statements have been prepared on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of Estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed Assets

Tangible Fixed Assets are stated at cost net of accumulated depreciation. Expenditure during construction period including interest on borrowings for new major projects are capitalized till the commencement of commercial production. Depreciation is provided on straight line method in accordance with the useful life prescribed under schedule II of the Companies Act 2013. Plant and Machinery depreciated on the basis of continuous process.

d) Inventories :

Raw materials & Finished goods are valued at lower of cost or realizable value. Stores and Packing materials are valued at cost on Weighted Average basis. Stock-in-process and stock-in-transit are valued at cost. Waste is valued at realizable value.

e) Investments

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

f) Foreign Exchange Transactions

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense.

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

g) Contingent Liabilities and Provisions

All contingent liabilities are indicated by way of a note and will be paid / provided crystallization.

h) Retirement Benefits

Company's contribution to Provident fund determined under the relevant statute is charged to revenue. The gratuity contribution has been made on the basis of actuarial valuation under AS15 given by SBI life insurance Company. The liability for leave encashment is provided for on the basis of accrued leaves at the close of the year.

i) Accounting for Income Tax

Current tax represents the amount that otherwise would have been payable under the Income-tax Act, 1961, had the financial year been reckoned as the basis for computation of tax payable under the prevailing tax laws.

j) Deferred Income Tax

Deferred Tax being tax on timing difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years has been recognized. Deferred tax asset is recognized only if there is reasonable that it will be realized and will be reviewed for the appropriateness of its respective carrying value at each balance sheet date.

k) Revenue Recognition

i. Sales of Manufactured Goods:

Sales of goods in respect of domestic sales are recognized on dispatch of goods to customer. 'Sales' includes , excise duty and sales tax.

Sales of goods in respect of export sales are recognized as and when the shipment of goods takes place.

ii. Recognition of Export benefits:

Export Benefits Entitlements in respect of Incentives Schemes including Duty drawback Scheme of the Government of India are recognized in the year in which Export Sales are accounted for.

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

3. NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2017

(Figures in ₹ Lakhs)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
a. Contingent Liabilities not provided for on account of :		
i) Contracts to be executed on capital projects.	3219.00	1140.80
ii) Bank Guarantee	1.90	1.90
iii) Bills discounted against LC's	371.31	Nil
iv) Inland LC's	Nil	Nil
v) Cross Subsidy on IEX power Purchases	248.86	68.00
(Differential Cross subsidy on IEX power purchases-TSERC imposed cross subsidy @ ₹1.29 per unit but the Hon'ble High court of Hyderabad, Telangana has stayed the same and limited such imposition to ₹0.30 per unit. The liability on account of differential cross subsidy @0.99 per unit upto 30.06.17 and from 01.07.17 ₹1.48 -0.30 = 1.18 may not arise and)		
	3841.07	1210.70
b. Earnings in Foreign Exchange FOB Value of Exports	2302.24	1711.98
c. Expenditure in Foreign Currency during the year on account of :		
i) Commission on Export Sales	26.89	14.63
ii) Foreign Travel (Excluding tickets purchased in India)	Nil	25.79
	26.89	40.42
d. Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	38.40	Nil
ii) Raw materials (CIF Value)	Nil	Nil
iii) Stores and Spares (CIF Value)	93.25	78.93
	131.65	78.93
e. Composition of Net Deferred Tax Liability		
Deferred Tax Liabilities		
Depreciation	1680.48	1620.75
Deferred Tax Assets		
Provision for Gratuity	23.63	21.36
Deferred Tax Liability (Net)	1704.11	1642.11
f. Basic Earnings Per Share as per Accounting Standard No .29		
Profit after Tax	943.99	960.59
Less : Dividend on Preference Share Capital with dividend tax there on	Nil	27.12
	943.99	933.47
Weighted average Number of Equity Shares	42.67	42.67
Diluted Number of Equity Shares	42.67	42.67
Basic Earnings per share	22.12	21.88
Diluted Earnings per share	22.12	21.88

The Board of Directors have proposed dividend on 7% Cumulative Redeemable Preference shares & 8% Cumulative redeemable Preference shares, both amounting to ₹41.30 Lakhs and the Dividend distribution tax on the same will be ₹8.41 Lakhs, totalling to ₹49.71 Lakhs.

The Board of Directors have also recommended Equity Dividend of 15% on the face value of ₹10/- each (₹ 1.50) per Equity Share, only to the non promoter share holders amounting to ₹18.97 Lakhs plus Dividend Distribution Tax of 3.86 Lakhs, totalling to ₹22.83 Lakhs.

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

g. Related party disclosure

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

i) Transactions during the year

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31 Mar 2017	Previous Year 31 Mar 2016
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration	33.00	33.00
		b) Interest (Gross)	29.54	27.81
		c) Unsecured Loan Repaid	Nil	125.00
		d) Commission	30.66	31.09
		e) Unsecured Loan Received	40.00	300.00
		f) Share App Money Received	Nil	125.00
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration	41.11	38.93
		b) Interest (Gross)	2.54	10.92
		c) Unsecured Loan Repaid	40.00	154.25
		d) Commission	30.66	31.09
		e) Unsecured Loan Received	30.00	147.25
		f) Share App Money Received	Nil	140.00
Smt. Madhavi Agarwal Executive Director	Key Management	a) Remuneration	26.17	29.05
		b) Interest (Gross)	4.42	5.59
		c) Unsecured Loan Repaid	Nil	102.00
		d) Commission	15.33	15.54
		e) Unsecured Loan Received	15.51	117.00
		f) Share App Money Received	Nil	105.00
Sri K K Sinha Director - Operations	Key Management	a) Remuneration	21.42	19.43
M K Agarwal - HUF	Key Management	a) Share App Money Received	Nil	15.00
Suryalakshmi Cotton Mills Ltd	MD Brother is Director	a) Un Secured Loan given	Nil	100.00
YP Solar Power P Ltd	Subsidiary Company - Ceased w.e.f. 18.03.2016	a) Investment Withdrawn	Nil	0.90
Padmaja Polymers Pvt Ltd	Common Director	a) Purchase of Packing Material	0.97	20.63
Suryaamba Spinning Mills Ltd	MD son is Director	a) Sale of yarn	113.60	Nil

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

ii) Payable as at 31st March 2017

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31 Mar 2017	Previous Year 31 Mar 2016
Sri Vithaldas Agarwal Managing Director	Key Management	a) Remuneration (Net)	3.52	2.11
		b) Interest (net)	9.55	11.11
		c) Unsecured Loan	270.00	230.00
		d) Commission	30.66	31.09
Sri M K Agarwal Joint Managing Director	Key Management	a) Remuneration (Net)	2.19	3.96
		b) Interest (net)	0.79	4.32
		c) Unsecured Loan	30.00	40.00
		d) Commission	30.66	31.09
Smt. Madhavi Agarwal Executive Director	Key Management	a) Remuneration (Net)	11.31	1.44
		b) Interest (Net)	3.98	0.64
		c) Unsecured Loan	45.51	30.00
		d) Commission	15.33	15.54

h. Note on Micro, Small & Medium Enterprises

The information with regard to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the company and relied upon by the Auditors, accordingly the trade payable include ₹ NIL (previous year NIL) due to them for a period exceeding 30 days and company has not paid any interest during the year to any enterprise registered under Micro, Small and Medium Enterprises development Act,2006.

i. Employee 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.

The company has created a Trust namely SLSML Employees Gratuity Trust vide Trust deed dated 31st December, 2005 and obtained approvals from Income Tax Authorities vide letter No. CIT-III/10/GF/2005-06 dated 18.10.2006. SBI Life Insurance has been appointed for management of the Trust fund for the Benefit of the employees. The following tables summarize the components of net benefits.

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

(Figures in ₹ Lakhs)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
i. Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	377.82	334.43
Interest cost	25.63	21.11
Current Service Cost	69.51	62.83
Benefits Paid	Nil	40.55
Actuarial gain / (Loss) on obligations	Nil	Nil
Present value of obligations as at end of year	472.96	377.82
ii. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	314.98	263.62
Expected return on plan assets	25.20	21.10
Contributions	62.83	70.80
Benefits Paid	Nil	40.55
Actuarial gain / (Loss) on Plan assets	0.44	0.01
Fair value of plan assets at the end of year	403.45	314.98
iii. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	314.98	263.62
Actual return on plan assets	25.20	21.10
Contributions	62.83	70.80
Benefits Paid	Nil	40.55
Actuarial gain / (Loss) on Plan assets	0.44	0.01
Fair value of plan assets at the end of year	403.45	314.98
Funded status	(69.51)	(62.83)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
iv. Assumptions		
Discount rate	7.5%	8%
Rate of return on assets	8%	8%
Salary Escalation	8% F5Y & 5%TA	8% F5Y & 5%TA

- j. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- k. The company has opted for Drawback scheme without payment of excise duty for exports by not taking cenvat credit on inputs for exports under Notification no :30/2004 (CE) dated 09.07.2004. The company also opted for zero rate of duty by not taking cenvat credit on inputs under central excise vide Notification no :30/2004 (CE) dated 09.07.2004 for domestic sales.

Notes forming part of the Financial Statements

for the year ended 31st March 2017

NOTE 24 (Contd..)

i. Pursuant to Notification No. GSR 308(E) dated 30th March,2017. Details of Specified bank Notes (SBNs) held and transacted during the period from 8th November 2016 to 30th December 2016 as provided in the below table:

Description	SBNs		Other Denomination		Total	
	Denomination	Amount	Denomination	Amount	Denomination	Amount
Closing balance as on 8th Nov'2016	₹1000, ₹500	0.61	₹100, ₹50, ₹20, and ₹10	4.56	₹1000, ₹500, ₹100, ₹50, ₹20, and ₹10	5.17
Transactions						
Add: Withdrawal from bank accounts	-	-	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	5.85	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	5.85
Add: Receipts for permitted transactions	-	-	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	1.06	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	1.06
Add: Receipts for non permitted transactions	-	-	-	-	-	-
Less : Paid for permitted transactions	₹1000, ₹500	0.52	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	2.37	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	2.89
Less : Paid for non permitted transactions	-	-	-	-	-	-
Less : Deposited in Bank accounts	₹1000, ₹500	0.09	-	-	₹1000, ₹500	0.09
Closing balance as on 30th Dec'2016	-	-	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	9.09	₹2000, ₹500, ₹100, ₹50, ₹20, and ₹10	9.09

m. Previous Year's Figures have been regrouped wherever necessary to correspond with the current year's figures. Except when otherwise stated, the figures are presented in Rupees in Lakhs.

As Per Our Report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn. No. 000513S

for and on behalf of the Board

K SHRAVAN
Partner
Membership No. 215798

DEEPESH KUMAR PIPALWA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : **Secunderabad**
Date : 19th May, 2017

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director



Suryalata Spinning Mills Limited

Regd. Office:

Surya Towers, 1st Floor,
105 S.P. Road, Secunderabad - 500 003
Telangana State

Phone No : 040-27774200

Fax : 040-27846859

E-mail: cs@suryalata.com, www.suryalata.com

CIN: L18100TG1983PLC003962



Suryalata Spinning Mills Limited

CIN: L18100TG1983PLC003962

Registered Office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003,
Tel: 040-27774200 Fax: : 040-27846859; Email:cs@suryalata.com: Website : www.suryalata.com

NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of SURYALATA SPINNING MILLS LIMITED will be held on Monday, 4th September, 2017 at 11.00 A.M. at Kamat Lingapur Hotel,1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016, Telangana State to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the **Financial Year ended 31st March, 2017**, together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares of the Company for the Financial Year ended 31st March, 2017.
3. To declare dividend @ 15% (₹ 1.50 per share) to Non-promoter equity shareholders of the Company for the Financial Year ended 31st March, 2017.
4. To appoint a director in place of **Smt. Madhavi Agarwal, (DIN: 06866592)** Whole Time Director of the Company who retires by rotation and being eligible, offers herself for re-appointment.
5. To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) **M/s. K S Rao & Co., Chartered Accountants, Hyderabad (Firm Registration No. 003109S)** be and are hereby appointed as Statutory Auditors of the Company (in place of M/s. Brahmayya & Co., Chartered Accountants, the retiring auditors) for a term of five years commencing from the Company's financial year ending March 31, 2018 to hold office from the conclusion of the 34th Annual General Meeting of the Company till the conclusion of the 39th Annual General Meeting (subject to

ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus service tax, out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and the Statutory Auditors;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution”.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the Provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of ₹ 30,000/- (Rupees Thirty Thousand Only) and reimbursement of out of pocket expenses incurred by **M/s. Aruna Prasad & Co., Cost Accountants (Firm Registration No. 100883)** appointed by the Board of Directors to conduct the Audit of the cost records of the company for the Financial Year ended 31st March, 2018, be and is hereby approved and ratified”.

**By order of the Board of Directors
For Suryalata Spinning Mills Limited**

Place: Secunderabad
Date : 19th May, 2017

**Deepesh Kumar Pipalwa
Company Secretary**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself / herself and such proxy need not be a member. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item no : 6
4. Members/Proxies/Authorised Representative should bring the Attendance slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **30th August, 2017 to 4th September, 2017 (Both days inclusive)** for determining the names of Members eligible for dividend on equity shares subject to the approval of Members at Annual General Meeting.
7. All unclaimed dividends upto the Financial Year 2006-07 paid by the Company have been transferred to the Investor education and protection fund (said 'Fund') of the Central Government. No dividend was declared for the Financial year 2007-08 and 2008-09 by the Company and for the subsequent years thereafter which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

For the Financial year	Date of declaration	Unclaimed Dividend Amount (in ₹)	Last Date of claiming unpaid Dividend/ Due Date for transfer to IEPF Account
2009 -10	23rd September, 2010	1,12,740/-	29th September, 2017
2010 - 11	15th September, 2011	1,76,055/-	21st October, 2018
2011 - 12	12th September, 2012	89,739/-	18th October, 2019
2012 - 13	10th August, 2013	1,00,003/-	15th September, 2020
2013 - 14	6th August, 2014	1,01,309/-	11th September, 2021
2014 - 15	21st September, 2015	1,25,313/-	27th October, 2022
2015 - 16	28th September, 2016	1,22,908/-	2nd November, 2023

Members who have not en-cashed the dividend warrant(s) so far for the aforesaid financial years are requested to make their claim to the Company at its Registered Office.

Further the details of the un-claimed dividend for the above said years are also placed on the Company's Website i.e. www.suryalata.com.

8. Members are requested to address all their correspondence including change of address, mandates etc., to the registrars **viz. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower - B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana State, Phone No. 040 - 6716 2222, 3321 1000.**
9. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
10. The Company's Equity shares are listed at BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.

11. Pursuant to Section 113 of the Companies Act, 2013, Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. In terms of Circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a Copy of PAN Card to the Company or its RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
13. A Statement giving the details of the Director(s) seeking re-appointment in the accompanying notice, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 is annexed thereto.
14. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
15. Members may note that the Notice of the 34th Annual General Meeting (AGM) the Annual Report for the Financial Year 2016-17, copies of Audited Financial Statements, Director's Report and Auditor's Report etc. will also be available on the website of the Company, www.suryalata.com. Members holding shares in electronic mode are therefore requested to keep their e-mail addresses updated with the Depository participants.

Voting through electronic means :

16. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and in pursuance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company is pleased to provide its members' the facility of 'remote e- voting (e-voting from a place other than venue of AGM) to exercise their right to vote at the 34th Annual General Meeting ("AGM") by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy").
 - The facility for voting, either through electronic voting system or through ballot /polling paper shall also be made available at the venue of the 34th Annual General Meeting of the Company. The Members attending the meeting, who

have not already cast their vote through the remote e-voting shall be able to exercise their voting rights at the meeting. The Members who have already cast their vote through remote e-voting may attend the Meeting but shall not be entitled to cast their vote again at the Annual General Meeting.

- The Voting rights of the Members shall be in proportion to the paid up value of their shares in the Equity Capital of the Company as on cut-off date (i.e. Record date) **29th August 2017** The e-voting facility will be available at the link <http://evoting.karvy.com> during the following period :

Commencement of e-voting: From Friday, 1st September, 2017 9.00 A.M. IST To Sunday, 3rd September, 2017 5.00 P.M. IST.

- E-voting shall not be allowed beyond **5.00 P.M. on 3rd September 2017** and the remote e-voting shall be blocked forthwith. During the e-voting period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as **on Tuesday 29th August 2017**, may cast their vote electronically.
- The Chairman of the Company will declare the results within 48 hours of the conclusion of 34th Annual General Meeting and the same will be published on the website of the Company i.e., www.suryalata.com and on the website of karvy i.e., www.karvy.com
- The company has appointed **Ms. Khusboo Laxmi Bhagat, Practicing Company Secretary, (Membership No: ACS 28176 and CP 14703) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.**

**By order of the Board of Directors
For Suryalata Spinning Mills Limited**

Place: Secunderabad
Date : 19th May, 2017

**Deepesh Kumar Pipalwa
Company Secretary**

**Corporate Identification Number
L18100TC1983PLC003962**

Registered Office :
Surya Towers, 1st Floor,
105, Sardar Patel Road
Secunderabad - 500 003.
Tel: 040 - 2777 4200
Email: cs@suryalata.com
Website : www.suryalata.com

Explanatory Statement

Item # 06 : Ratification of Remuneration of Cost Auditor.

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed M/s. Aruna Prasad & Co., Cost Auditors, Chennai, as Cost Auditors of the Company at a remuneration of ₹ 30,000/- plus reimbursement of out of pocket expenses, for conducting audit of cost records for the Financial Year 2017-18.

In terms of the provisions of section 148 of the Companies Act, 2013 and rules made thereunder the remuneration payable to the Cost Auditor is to be ratified by the members of the Company in general meeting. Accordingly the members are requested to ratify the above said remuneration payable to the Cost Auditor during the Financial Year 2017-18.

The ratification by the Members to this Remuneration is being sought in this resolution.

The Board recommends the resolution for approval of the Members.

None of the Directors, Key Managerial personnel, and their relatives of the company is directly / indirectly interested in the above resolution.

**By order of the Board of Directors
For Suryalata Spinning Mills Limited**

Place : Secunderabad
Date : 19th May, 2017

**Deepesh Kumar Pipalwa
Company Secretary**

**Corporate Identification Number
L18100TG1983PLC003962**

Registered Office :
Surya Towers, 1st Floor,
105, Sardar Patel Road,
Secunderabad – 500 003.
Tel: 040 – 2777 4200 Fax: 040 – 2784 6859.
Email: cs@suryalata.com
website: www.suryalata.com.

Details of the Directors Seeking Appointment/ Re-Appointment at the Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2]

Particulars	Details of Directors seeking appointment/re-appointment
Name of the Director	Smt. Madhavi Agarwal
Director Identification Number (DIN)	06866592
Date of Birth	2nd December, 1967
Age	49
Date of Appointment	12th May, 2014
Qualification	Graduation
Experience	5 Years
Terms and conditions of appointment	Smt. Madhavi Agarwal is appointed as the Whole Time Director of the Company with a designation as Executive Director for a period of 5 years with effect from 6th November, 2014.
Number of Meetings of the Board attended during the year	3
Specific Functional areas	Material Procurements, Product Marketing of the Company
Directorships in other Listed/public/private Companies	NIL
Membership/chairmanship of Committees of the other Boards	NIL
No of Shares held in the Company	6,64,161 Equity Shares of ₹ 10/- each 2,10,000 Cumulative Redeemable Preference Shares of ₹ 100/- each
Inter- se Relationship between the Board Members/Manager/ KMP	Smt. Madhavi Agarwal is W/o. Sri Mahender Kumar Agarwal, Joint Managing Director and Daughter-in-Law of Sri Vithaldas Agarwal, Managing Director of the Company.

34th Annual General Meeting Suryalata Spinning Mills Limited

CIN: L18100TG1983PLC003962, Registered Office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad-500 003, Tel: 040-27774200 Fax: : 040-27846859; Email:cs@suryalata.com: Website : www.suryalata.com

Attendance Slip

Date	Venue	Time
4th September, 2017	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500016	11.00 A.M.

Name of the Shareholder	Folio No. / DPID and Client ID No.	No. of Shares

I certify that I am a registered shareholder of the Company; holding above mentioned shares in the Company, and hereby record my presence at the 34th Annual General Meeting of the Company.

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

..... TEAR HERE

34th Annual General Meeting Suryalata Spinning Mills Limited

CIN: L18100TG1983PLC003962, Registered Office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad-500 003, Tel: 040-27774200 Fax: : 040-27846859; Email:cs@suryalata.com: Website : www.suryalata.com

Form No. MGT-11 Proxy form

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]**

Name of the Member(s)		E-mail ID	
Registered Address		Folio No / Client ID	
		DP ID	

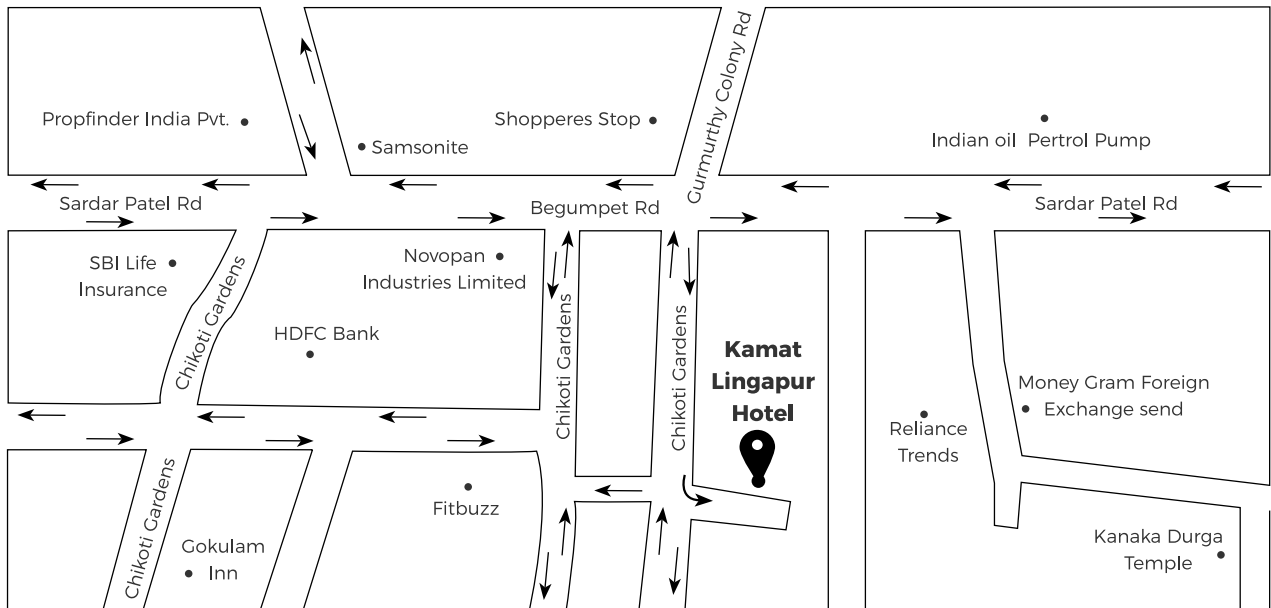
I/We being the Member(s) of _____ shares of Suryalata Spinning Mills Limited, hereby appoint :

- 1) _____ of _____ having e-mail id _____ or failing him/her
- 2) _____ of _____ having e-mail id _____ or failing him/her
- 3) _____ of _____ having e-mail id _____

and whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the **34th Annual General Meeting of the Company, to be held on Monday, 4th September 2017 at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana State**, and at any adjournment thereof in respect of such resolutions as are indicated below:

34th Annual General Meeting - Suryalata Spinning Mills Limited

Venue - Route Map



Sl. No.	Resolutions	For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial year ended 31st March, 2017, together with the reports of the Board of Directors and the Auditors thereon.		
2.	To declare dividend on Cumulative Redeemable Preference Shares of the Company for the financial year ended 31st March, 2017.		
3.	To declare equity dividend of Rs. 1.50 per share to the Non-promoter shareholders of the Company for the financial year ended 31st March, 2017.		
4.	To appoint a director in place of Smt. Madhavi Agarwal, (DIN 06866592) Whole Time Director of the Company who retires by rotation and being eligible, offers herself for re-appointment .		
5.	Appointment of M/s. K S Rao & Co., Chartered Accountants as the Statutory Auditors of the Company.		
Special Business			
6	Ratify the Remuneration of Cost Auditor		

Signed this _____ day of _____ 2017

Signature of Member(s)

Signature of the Proxy Holder(s)

Affix
Revenue
Stamp

Note. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company at Surya Towers, 1st Floor, 105, S P Road, Secunderabad - 500 003, not less than 48 hours before the commencement of the meeting.

Suryalata Spinning Mills Limited

CIN: L18100TG1983PLC003962

Registered Office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003,
Tel: 040-27774200 Fax: : 040-27846859; Email:cs@suryalata.com: Website : www.suryalata.com

34th Annual General Meeting FORM No. MGT-12 : POLLING PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]

Ballot Paper

Sl. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal Address	
3	Registered Folio No/*Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of Shares	Equity

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below in the **34th Annual General Meeting of the Company to be held on Monday, 4th September 2017, at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana State**, by recording my assent or dissent to the said resolution(s) by placing the tick (√) mark at the appropriate box below.

No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
Ordinary Business:				
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial year ended 31st March, 2017, together with the reports of the Board of Directors and the Auditors thereon.			
2	To declare dividend on Cumulative Redeemable Preference Shares of the Company for the financial year ended 31st March, 2017.			
3	To declare dividend at 15% of Rs. 1.50 per share to the selective Non-promoter equity shareholders of the Company for the financial year ended 31st March, 2017.			
4	To appoint a director in place of Smt. Madhavi Agarwal, Whole Time Director (DIN: 06866592) of the Company who retires by rotation and being eligible, offers herself for re-appointment .			
5	Appointment of M/s. K S Rao & Co., Chartered Accountants as the Statutory Auditors of the Company.			
Special Business :				
6	Ratification of Remuneration of Cost Auditor			

Place:

Date :

(Signature of Shareholder)

INSTRUCTIONS

1. Ms. Khusboo Laxmi Bhagat Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
2. Members who do not wish to avail remote e-voting facility, may fill up the Postal Ballot Form printed overleaf and submit the same in the enclosed business reply envelop addressed to Suryalata Spinning Mills Limited, Ms. Khusboo Laxmi Bhagat scrutiniser, 1st Floor, Surya Towers, 105, S.P. Road, Secunderabad - 500 003, in order to reach her not later than **05.00 P.M. on Sunday, 3rd September, 2017**. Please note that Postal Ballot form received thereafter will not be considered.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event, member casts his/her votes through both the processes i.e. remote E-voting and Postal Ballot Form, before the Annual General Meeting the votes in the electronic system would be considered and the Postal Ballot Form would be ignored.
5. The right of voting by Postal Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. M/s Karvy Computershare Pvt. Ltd.). Members are requested to keep the same updated.
7. There will be only one Postal Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.
8. In case of joint holders, the Postal Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholder. Postal Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Postal Ballot Form signed by other joint holders.
9. Where the Postal Ballot Form has been signed by an authorized representative of the Body Corporate/Trust/Society, etc. a certified copy of the relevant authorization/Board Resolution to vote should accompany the Postal Ballot Form.
10. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. **29th August, 2017**. under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date.
11. In case of any query, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy Website) or call KCPL on 040-6716 2222 & Toll Free No. 1800 3454 001.
12. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **29th August, 2017**.
13. The remote e-voting period commences on **Friday, 1st September, 2017 (9.00 A.M. IST) and ends on Sunday, 3rd September, 2017 (5.00 P.M. IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on **29th August, 2017**, may cast their vote electronically.
14. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a Resolution is cast by the Member, shall not be allowed to change it subsequently.
15. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the Resolution(s) will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
16. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.suryalata.com and on the website of KARVY <https://evoting.karvy.com>, and communicated to BSE Limited, where the shares of the Company are listed for placing the same in their website.