



Suryalata Spinning Mills Limited

# Consistency & Quality Ensures End Results

35<sup>th</sup> Annual Report 2017-18





Inauguration Ceremony on 11th July, 2018  
at Kalwakurthy





## In memoriam



## Pankhuri and Yash Agarwal



Your achievements, memories will be for ever

Those precious years always in our hearts

The years may come - the years may go

We could never forget your vision and motivation

We inspire on every day in the journey of success

Suryalata Team



New Machinery of Modernization





CSR Activities



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#### **REGISTERED OFFICE**

Surya Towers, 1st Floor,  
105, Sardar Patel Road, Secunderabad - 500 003.

Tel : 040 - 2777 4200  
 Fax : 040 - 27846859  
 E-mail : cs@suryalata.com  
 Website : www.suryalata.com  
 ISIN : INE132C01027  
 CIN : L18100TG1983PLC003962  
 Listed on : Bombay Stock Exchange Limited (BSE)  
 Scrip Code : 5 1 4 1 3 8

#### **REGISTRAR & TRANSFER AGENTS**

M/s.Karvy Computershare Private Limited,  
Karvy Selenium Tower - B, Plot No: 31-32,  
Gachibowli, Financial District, Serilingampally,  
Nankramguda, Hyderabad - 500 032

Tel : 040 - 6716 1606, 6716 1770  
 Fax : 040 - 2342 0814  
 E-mail : einward.ris@karvy.com  
 Website : www.karvy.com

## **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 & Independent Director  
Managing Director  
Joint Managing Director  
Independent Director  
Independent Director  
Independent Director  
Executive Director  
Director (Operations)  
  
Chief Financial Officer  
Company Secretary (Up to 31<sup>st</sup> May, 2018)

### **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

#### **STATUTORY AUDITORS**

K S Rao & Co.,  
Flat No. 602,  
Golden Green Apartments,  
Irramanzil Colony, Hyderabad – 500 082

#### **SECRETARIAL AUDITORS**

VCAN & Associates,  
8-3-969/3, 105,  
Triveni Apartments, Srinagar Colony,  
Hyderabad - 500 073

#### **BANKERS**

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

#### **THE NOMINATION & REMUNERATION COMMITTEE**

Sri K R Suresh Reddy, Chairman  
Sri K Lakshmikanth Reddy, Member  
Sri R S Agarwal, Member

#### **THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Sri R Surender Reddy, Chairman  
Sri Vithaldas Agarwal, Member  
Sri Mahender Kumar Agarwal, Member

#### **INTERNAL AUDITORS**

Brahmayya & Co.,  
Flat No. 403 & 404,  
Golden Green Apartments,  
Erramanzil Colony, Hyderabad – 500 082

#### **COST AUDITORS**

Aruna Prasad & Co.,  
“Krishna”, Plot No.802/2,  
Door No.28, 64<sup>th</sup> Street, 10<sup>th</sup> Sector,  
K K Nagar, Chennai-600 078

#### **FACTORIES**

Marchala Village, Kalwakurthy Mandal,  
Nagar Kurnool District, Telangana – 509 320  
  
Urukondapet Village Urukonda Mandal,  
Nagar Kurnool District, Telangana – 509 320

**Book Closure Dates: 08th August, 2018 to 13th August, 2018 (Both days Inclusive)**

## NOTICE

**NOTICE** is hereby given that the **35<sup>th</sup> Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Monday, 13<sup>th</sup> August, 2018 at 11.00 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana** 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 31<sup>st</sup> March, 2018**, 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 31<sup>st</sup> March, 2018.
3. To declare **dividend @ 15% (₹ 1.50 per equity share of ₹ 10/-each) to Non-promoter Equity Shareholders** of the Company for the financial year ended **31<sup>st</sup> March, 2018**.
4. To appoint a director in place of **Sri Mahender Kumar Agarwal, (DIN : 00012807) Joint Managing Director** of the Company who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

5. 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 forces, the remuneration of ₹ 35,000/- (Rupees Thirty Five 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 31<sup>st</sup> March, 2019, be and is hereby approved and ratified”.

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

**Vithaldas Agarwal  
Managing Director  
DIN: 00012774**

**Place:** Secunderabad

**Date :** 19<sup>th</sup> May, 2018

## 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. 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.
2. 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.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.
4. 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 : 05
5. Members/Proxies/Authorized Representative should bring the Attendance slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.

6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from **08-08-2018 to 13-08-2018** (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.
8. All unclaimed dividends upto the Financial Year 2009-10 paid by the Company have been transferred to the Investor Education and Protection Fund (said 'Fund') of the Central Government 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 Rs.)	Last Date of claiming unpaid Dividend/Due Date for transfer to IEPF Account
2010 – 11	15 <sup>th</sup> September, 2011	1,75,785	21 <sup>st</sup> October, 2018
2011 – 12	12 <sup>th</sup> September, 2012	89,604	18 <sup>th</sup> October, 2019
2012 – 13	10 <sup>th</sup> August, 2013	99,868	15 <sup>th</sup> September, 2020
2013 – 14	6 <sup>th</sup> August, 2014	1,01,309	11 <sup>th</sup> September, 2021
2014 – 15	21 <sup>st</sup> September, 2015	1,25,151	27 <sup>th</sup> October, 2022
2015 – 16	28 <sup>th</sup> September, 2016	1,21,900	2 <sup>nd</sup> November, 2023
2016 – 17	4 <sup>th</sup> September, 2017	1,07,195	10 <sup>th</sup> October, 2024

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. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof with the Company.

All shares (33,197 shares) in respect of which dividend has not been paid or claimed (relevant shares) for and upto and including the F.Y. 2009-10 has been transferred to Investor Education and Protection Fund (IEPF) suspense account by following the provisions of Section 124(6) read with IEPF rules on 08/12/2017. Shareholders are requested to claim their respective dividend(s), if any, which remain unclaimed/ unpaid from the Financial Year 2010-11.

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](http://www.suryalata.com).

9. Members are requested to address all their correspondence including change of address, mandates etc. to the **Registrars viz. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad- 500032; Phone No.: 040 - 6716 1606.**
10. 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.
11. The Company's Equity shares are listed at **BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001** and the Company has paid the Listing Fees to the said Stock Exchange.
12. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.
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 **35<sup>th</sup> Annual General Meeting** (AGM) the Annual Report for the F.Y. 2017-18, 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](http://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 **35<sup>th</sup> 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 35<sup>th</sup> 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 **August 03, 2018**.The e-voting facility will be available at the link <http://evoting.karvy.com> during the following period :  
Commencement of e-voting: **From August 08 2018 (9.00 A.M. IST) to August 12, 2018 (5.00 P.M. IST)**.
  - E-voting shall not be allowed beyond **5.00 P.M on August 12, 2018** 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 August 03, 2018, may cast their vote electronically.
  - The Chairman of the Company will declare the results within 48 hours of the conclusion of **35<sup>th</sup> Annual General Meeting** and the same will be published on the website of the Company i.e., [www.suryalata.com](http://www.suryalata.com) and on the website of Karvy i.e., [www.karvy.com](http://www.karvy.com)
  - The company has appointed Mr. Ajay Naga Choudhary Vemuri of **M/s. VCAN & Associates, Practicing Company Secretaries, (M.No: A36089 and C.P.No. 15460)** as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

**Vithaldas Agarwal  
Managing Director  
DIN: 00012774**

**Place:** Secunderabad  
**Date :** 19<sup>th</sup> May, 2018

Corporate identification Number: **L18100TG1983PLC003962**

**Registered office :**  
Surya Towers, 1<sup>st</sup> Floor,  
105, Sardar Patel Road  
Secunderabad – 500 003.  
Tel: 040 - 2777 4200  
Email: [cs@suryalata.com](mailto:cs@suryalata.com)  
Website : [www.suryalata.com](http://www.suryalata.com)

## **Explanatory Statement**

### **Item # 05: 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 ₹ 35,000/- plus reimbursement of out of pocket expenses, for conducting audit of cost records for the F.Y. 2018-19.

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 2018-19.

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.

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

**Vithaldas Agarwal  
Managing Director  
DIN: 00012774**

**Place:** Secunderabad

**Date :** 19<sup>th</sup> May, 2018

Corporate Identification Number: **L18100TG1983PLC003962**

### **Registered Office:**

Surya Towers, 1<sup>st</sup> Floor,

105, Sardar Patel Road,

Secunderabad – 500 003.

Tel: 040 – 2777 4200 Fax: 040 – 2784 6859.

Email: [cs@suryalata.com](mailto:cs@suryalata.com)

website: [www.suryalata.com](http://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]

<b>Particulars</b>	<b>Details of Directors seeking appointment/re-appointment</b>
Name of the Director	<b>Mahender Kumar Agarwal</b>
Director Identification Number (DIN)	00012807
Date of Birth	28 <sup>th</sup> February, 1964
Age	54
Date of Appointment	30 <sup>th</sup> March, 1991
Qualification	Graduation
Experience	Sri Mahender Kumar Agarwal is promoter and Joint Managing Director of the Company. He is on the Board of the Company since March 30, 1991.
Terms and conditions of appointment	Sri Mahender Kumar Agarwal has been re-appointed as joint Managing Director of the Company for a period of 5 years w.e.f. January 01, 2016.
Number of Meetings of the Board attended during the year	4
Specific Functional areas	Production, Marketing, administration and other operational affairs of the Company
Directorships in other Listed/public/private Companies	1. YP Solar Power Private Limited 2. Telangana Spinning & Textile Mills Association
Membership/chairmanship of Committees of the other Boards	1. Stakeholders Relationship Committee 2. Corporate Social Responsibility Committee
No of Shares held in the Company	12,47,133 Equity Shares of ₹ 10/- each and 1,85,000 Cumulative Redeemable Preference Shares of ₹ 100/- each
Inter- se Relationship between the Board Members/Manager/ KMP	Sri Mahender Kumar Agarwal is S/o. Sri Vithaldas Agarwal, Managing Director and his wife Smt Madhavi Agarwal is Executive Director of the Company.

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# Statutory Reports

**BOARDS' REPORT**

To

**The Members,  
Suryalata Spinning Mills Limited**

Your Directors have pleasure in presenting the **35<sup>th</sup> Annual Report** together with the Company's Audited Financial Statements for the financial year ended **31<sup>st</sup> March, 2018**.

**Financial Results**

The Company has prepared financial results in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013.

The financial performance of the Company during the year ended 31<sup>st</sup> March, 2018 has been summarized below:

	(₹ in Lakhs)	
Particulars	Current Year 2017 – 18	Previous Year 2016 – 17
<b>Total Income</b>	<b>33,412</b>	35,122
Profit before Interest, Depreciation and Tax	<b>2,715</b>	2,971
Interest	<b>710</b>	792
Depreciation	<b>765</b>	809
Profit Before Tax	<b>1,240</b>	1,370
Less : Provision for tax	<b>400</b>	425
Deferred Tax Liability	<b>51</b>	62
Profit After Tax	<b>789</b>	883
Add : Profit brought forward from last year	<b>922</b>	1,051
Add : Adjustment due to adoption of Ind AS	<b>2</b>	18
Amount available for appropriation	<b>1,713</b>	1,952
<b>Appropriations:</b>		
Transfer to		
(a) General Reserve	<b>800</b>	1,000
(b) Dividend on Equity Shares	<b>19</b>	25
(c) Dividend distribution tax	<b>4</b>	5
Balance Carried forward to Balance Sheet	<b>890</b>	922

## Details of Operations

The year and review was marked by various structural reforms, the turbulence of sudden note ban coupled with induction of GST with effect from 1<sup>st</sup> July, 2017. Also continued Global weakness, fluctuations in currency exchange and stress on realizations are notable factors having effect on the operations. Despite all above, with foresighted de-risking strategies and by maintaining the sale volumes, the Company delivered a solid performance in the FY 2017-18. Operations were broadly effected with the following:

Average input (raw material) cost maintained at ₹ 90.49 (exclusive of GST) as against ₹ 93.31 (inclusive of Excise Duty and Sales Tax) in the previous year. Raw materials - fiber taxable @ 18% and finished product yarn is taxable @ 12% under GST Act, results to inverse duty structure.

Average yarn realization maintained at ₹ 139.70 as against ₹ 139.30 in the previous year.

Contributions for operations increased to ₹ 47.20 per kg. from ₹ 44.69 in the previous year. Operational cost increased to ₹ 41.23 as against ₹ 39.84 in the previous year.

## Highlights of the Company's Affairs

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

- ❖ Income from operations for the FY 2017-18 is ₹ 33,412 Lakhs as compared to ₹ 35,122 Lakhs in the previous year.
- ❖ Exports are ₹ 3,984 Lakhs compared to ₹ 4,025 Lakhs in the previous year.
- ❖ Production quantities is 23,401 MTs as against 24,889 MTs in the previous year as the plant produced finer counts.
- ❖ Profit Before Tax for the FY 2017-18 is ₹ 1,240 Lakhs as compared to ₹ 1,370 Lakhs in the previous year.
- ❖ Profit after Tax is ₹ 789 Lakhs as against ₹ 883 Lakhs in the previous year.

## Capital expenditure

During the year under review, your company has incurred ₹ 459.96 Lakhs towards the capital expenditure. The Company also spent ₹ 715.15 Lakhs towards modernization cum expansion project undertaken at Kalwakurthy unit.

## Transfer to Reserves

The Company has proposed to transfer ₹ 800 Lakhs to the general reserve for the financial year ended 31<sup>st</sup> March, 2018.

## 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 2017-18. 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 Equity Shares at 15% (i.e.) ₹ 1.50 per share of ₹ 10/- each to Non-promoter equity shareholders of the Company for the year 2017-18. 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 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 is enclosed to the Report as **Annexure I**.

### Number of Meetings of the Board of Directors

Four (4) Board Meetings & Audit Committee Meetings were held during the Financial Year 2017-18 on the below mentioned:

1. 19<sup>th</sup> May, 2017
2. 4<sup>th</sup> September, 2017
3. 9<sup>th</sup> December, 2017
4. 10<sup>th</sup> February, 2018

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

1. Nomination and Remuneration Committee (NRC) Meeting – 4<sup>th</sup> September, 2017.
2. Corporate Social Responsibility (CSR) Committee Meeting – 19<sup>th</sup> May, 2017.
3. Stakeholders Relationship Committee (SRC) Meeting – 10<sup>th</sup> February, 2018.

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 31<sup>st</sup> March, 2018, 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 31<sup>st</sup> March, 2018, and Statement of Profit and Loss 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 31<sup>st</sup> March, 2018, 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 arm's 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 the applicable Accounting Standards 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](http://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 is enclosed as **Annexure – II**.

Further during the year under review, the list of top ten employees in terms of remuneration drawn as set out in Rule 5(2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure - III**.

**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.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Sri Mahender Kumar Agarwal, Joint Managing Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**Committees of the Board:**

**Currently the Board has four Committees:**

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. The Corporate Social Responsibility Committee
4. The 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 Key Managerial Personnel's appointment 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 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 programs 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, sanitation, animal welfare, environment and community development. 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 enclosed as **Annexure IV**.

#### **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 :**

At the Annual General Meeting (AGM) held on September 4, 2017, M/s. K.S.Rao & Co., Chartered Accountants (ICAI Firm Registration Number **003109S**), were appointed as Statutory Auditors of the Company to hold office for a period of five years and their appointment will be subject to the ratification of members at every Annual General Meeting. However, pursuant to the Companies (Amendment) Act, 2018, the ratification of the auditors at every annual general meeting of the company has been dispensed with.

#### **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. VCAN & Associates, a firm of practicing Company Secretaries, Hyderabad as the Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended 31<sup>st</sup> March, 2018

in compliance with the provisions of Section 204 of the Companies Act, 2013.

The Report of the Secretarial Auditor in Form MR-3 is enclosed as **Annexure V** to the Report.

#### **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](http://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, 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 31<sup>st</sup> March, 2018 to the date of signing of the Board'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 Senior Management Personnel.

The said policy is available on the website of the Company [www.suryalata.com](http://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 work place.**

During the Financial year ended 31<sup>st</sup> March, 2018 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, IndusInd Bank Limited, 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 :** 19<sup>th</sup> May, 2018

**ANNEXURES TO BOARD'S REPORT**
**FORM – MGT-9**
**EXTRACT OF ANNUAL RETURN (As on the financial year ended on 31<sup>st</sup> March, 2018)**

[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	<b>L18100TG1983PLC003962</b>
ii)	Registration Date	<b>23<sup>rd</sup> May, 1983</b>
iii)	Name of the Company	<b>SURYALATA SPINNING MILLS LIMITED</b>
iv)	Category / Sub-Category of the Company	<b>Company limited by Shares &amp; Indian Non Government Company</b>
v)	Address of the Registered office and contact details	<b>Surya Towers, 1<sup>st</sup> Floor, 105, Sardar Patel Road, Secunderabad – 500 003, Telangana. Tel: 040 2777 4200.</b>
vi)	Whether listed company Yes / No	<b>Yes</b>
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Karvy Computershare Private Ltd, Karvy Selenium Tower B, Plot No 31 &amp; 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal Hyderabad – 500032, Telangana. Phone No: 040 - 6716 1606</b>

**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:-

<b>Sl. No</b>	<b>Name and description of main products/ services</b>	<b>NIC code of the product/ service</b>	<b>% of total turnover of the company</b>
1	Manufacture & Sale of Synthetic 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)**

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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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
<b>Sub-total (A)(1)</b>	<b>3002310</b>	<b>0</b>	<b>3002310</b>	<b>70.36</b>	<b>3002310</b>	<b>0</b>	<b>3002310</b>	<b>70.36</b>	<b>0.00</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>3002310</b>	<b>0</b>	<b>3002310</b>	<b>70.36</b>	<b>3002310</b>	<b>0</b>	<b>3002310</b>	<b>70.36</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	96	0	96	0.00	96	0	96	0.00	0
b) Banks/Fl	0	990	990	0.02	0	900	900	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
<b>Sub-Total (B)(1)</b>	<b>96</b>	<b>990</b>	<b>1086</b>	<b>0.03</b>	<b>96</b>	<b>900</b>	<b>996</b>	<b>0.02</b>	<b>0</b>

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	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	214831	2001	216832	5.08	200938	270	201208	4.72	(0.33)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
j) Individual Shareholding upto ₹ 2 Lakh	547987	90880	638867	14.97	626210	58854	685064	16.05	1.08
ii) Individual shareholding nominal share capital in excess of ₹ 2 lakh	388271	0	388271	9.10	337061	0	337061	7.90	(1.2)
c) Others Clearing Members	13985	0	13985	0.33	354	0	354	0.01	(0.32)
d) NRIs	5649	0	5649	0.13	6705	0	6705	0.15	0.02
e) IEPF	0	0	0	0	33302	0	33302	0.78	0.78
<b>Sub-Total(B)(2)</b>	<b>1170723</b>	<b>92881</b>	<b>1262582</b>	<b>28.53</b>	<b>1204570</b>	<b>59124</b>	<b>1263694</b>	<b>29.62</b>	<b>1.09</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>1170819</b>	<b>93871</b>	<b>1263668</b>	<b>28.56</b>	<b>1204666</b>	<b>600024</b>	<b>1264690</b>	<b>29.64</b>	<b>1.08</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>4173129</b>	<b>93871</b>	<b>4267000</b>	<b>100</b>	<b>4206976</b>	<b>60024</b>	<b>4267000</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoters**

Sl. 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	92.67	0
2	Mahender Kumar Agarwal	1247133	29.23	57.50	1247133	29.23	57.50	0
3	Madhavi Agarwal (81,130 shares Transferred from her deceased son)	664161	15.57	33.12	745291	17.47	29.52	12
4	Yash Agarwal*	81130	1.90	0	0	0	0	0
5	Agarwal Mahender Kumar – HUF (Represented by Mahender Kumar Agarwal)	191042	4.48	54.50	191042	4.48	54.50	0

\*After the expiry of Mr. Yash Agarwal, his holding has been transmitted to his mother Mrs. Madhavi Agarwal vide City Civil Court order dated 13<sup>th</sup> March, 2017.

**iii) Change in promoters' shareholding:**

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	Madhavi Agarwal*	664161	15.57	23/05/2017	81130	745291	17.47
2	Yash Agarwal*	81130	1.90	23/05/2017	(81130)	-	-

\*After the expiry of Mr. Yash Agarwal, his holding has been transmitted to his mother Mrs. Madhavi Agarwal vide City Civil Court order dated 13<sup>th</sup> March, 2017.

**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
		<b>Shareholding at the end of the year</b>				<b>171373</b>	<b>4.02</b>
2	Anirudh Mohta	47931	1.12	07/04/2017	2963	50894	1.19
				14/04/2017	(3394)	47500	1.11
				19/01/2018	47726	95226	2.23
		<b>Shareholding at the end of the year</b>				<b>95226</b>	<b>2.23</b>
3	Pranav Kumarlal Parekh	52784	1.24	Nil		52784	1.24
				<b>Shareholding at the end of the year</b>		<b>52784</b>	<b>1.24</b>
4	Prabha Mohta	36500	0.86	19/01/2018	9664	46164	1.08
				<b>Shareholding at the end of the year</b>		<b>46164</b>	<b>1.08</b>
5	Anil Kumar	34950	0.82	Nil		34950	0.82
				<b>Shareholding at the end of the year</b>		<b>34950</b>	<b>0.82</b>
6	Kishan Gopal Mohta	0	0	07/04/2017	20000	20000	0.47
				21/04/2017	10	20010	0.47
				28/04/2017	(10)	20000	0.47
				12/05/2017	(1000)	19000	0.45
				09/06/2017	5	19005	0.45
				23/06/2017	300	19305	0.45
				07/07/2017	33	19338	0.45
				14/07/2017	2285	21623	0.51
				27/10/2017	1643	23266	0.55
				29/12/2017	1007	24273	0.57
				05/01/2018	1220	25493	0.60
				12/01/2018	(19462)	6031	0.14
				19/01/2018	20166	26197	0.61
26/01/2018	5326	31523	0.74				
16/02/2018	320	31843	0.75				
		<b>Shareholding at the end of the year</b>				<b>31843</b>	<b>0.75</b>
7	Dr Ramesh Chimanlal Shah	19500	0.46	05/05/2017	(2000)	17500	0.41
				19/01/2018	10000	27500	0.67
		<b>Shareholding at the end of the year</b>				<b>27500</b>	<b>0.67</b>
8	Vinodchandra Mansukhlal Parekh	27353	0.64	Nil		27353	0.64
				<b>Shareholding at the end of the year</b>		<b>27353</b>	<b>0.64</b>
9	Sanjeev Vinodchandra Parekh	21241	0.50	Nil		21241	0.50
				<b>Shareholding at the end of the year</b>		<b>21241</b>	<b>0.50</b>
10	Investor Education And Protection Fund Authority	0	0	08/12/2017	33197	33197	0.78
				<b>Shareholding at the end of the year</b>		<b>33197</b>	<b>0.78</b>

**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	Sri Surender Reddy	3600	0.08	0	3600	0.08
2	Sri Vithaldas Agarwal	818844	19.19	0	818844	19.19
3	Sri Mahender Kumar Agarwal	1247133	29.23	0	1247133	29.23
4	Smt. Madhavi Agarwal	664161	15.57	0	745291	17.47

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment(As per Ind AS) (In ₹)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	*66,07,68,608	14,98,68,581	-	81,06,37,189
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	34,32,597	-	-	34,32,597
<b>Total (i)+(ii)+(iii)</b>	<b>66,42,01,205</b>	<b>14,98,68,581</b>	<b>-</b>	<b>81,40,69,786</b>
<b>Change in indebtedness during the financial year</b>				
Addition	3,00,55,596	92,50,000	-	3,93,05,596
Reduction	(16,07,40,699)	(90,85,076)	-	(16,98,25,775)
<b>Net change indebtedness</b>	<b>(13,06,85,103)</b>	<b>1,64,924</b>	<b>-</b>	<b>(13,05,20,179)</b>
<b>At the end of the financial year</b>				
i) Principal Amount	53,15,11,439	15,00,33,505	-	68,15,44,944
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	20,04,663	-	-	20,04,663
<b>Total (i)+(ii)+(iii)</b>	<b>53,35,16,102</b>	<b>15,00,33,505</b>	<b>-</b>	<b>68,35,49,607</b>

Note : \*Opening Indebtedness - Principal amount of secured loan was reduced by ₹ 11,66,901/- as per Ind AS.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director and Whole-time Directors. (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	K. K. Sinha Director-Operations	
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	19,64,136	107,57,976
	(b) Value of perquisite u/s 17(2) of Income Tax Act, 1961	Nil	5,23,835	3,52,345	3,07,893	11,84,073
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as 2 % of profit - Others, specify	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>33,00,000</b>	<b>38,96,075</b>	<b>24,73,945</b>	<b>22,72,029</b>	<b>1,19,42,049</b>
	<b>Ceiling as per the Act</b>	Within the Ceiling Limits as prescribed under the Act				

**B. Remuneration to other Directors**

Particulars of Remuneration	Name of Directors				Total Amount
	Sri R Surender Reddy	Sri K Lakshmikanth Reddy	Sri R S Agarwal	Sri K R Suresh Reddy	
Independent Directors					
❖ Fee for attending board/ committee meetings					
❖ Commission	41,000	25,000	41,000	33,000	1,40,000
❖ Others, please specify	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil
<b>Total (1)</b>	<b>41,000</b>	<b>25,000</b>	<b>41,000</b>	<b>33,000</b>	<b>1,40,000</b>
Other Non-Executive Directors					
❖ Fee for attending board/ committee meetings					
❖ Commission					
❖ Others, please specify					
	Nil	Nil	Nil	Nil	Nil
<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B) = (1+2)</b>	<b>41,000</b>	<b>25,000</b>	<b>41,000</b>	<b>33,000</b>	<b>1,40,000</b>
<b>Ceiling as per the Act</b>	Within the Ceiling Limits as prescribed under the Act				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/JMD/ED/DO**

(₹ lakhs)

S No	Particulars of remuneration	Name of Key Managerial Personnel		Total Amount
		Company Secretary (CS)	Chief Financial Officer (CFO)	
1	Gross Salary			
	(d) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	2,70,000	22,61,680	25,31,680
	(e) Value of perquisite u/s 17(2) of Income Tax Act, 1961	19,638	2,90,560	3,10,198
	(f) 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 - as % of profit - Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>2,89,638</b>	<b>25,22,240</b>	<b>28,11,878</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil**

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

**Place :** Secunderabad  
**Date :** 19<sup>th</sup> May, 2018

**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**

Name of Director	Designation	Remuneration FY 17-18	Remuneration in FY 16-17	% of increase in remuneration	Ratio of remuneration to MRE
<b>Executive Directors</b>					
Vithaldas Agarwal	Managing Director	33,00,000	63,65,949	*	21.67
Mahender Kumar Agarwal	Joint Managing Director	38,96,075	71,77,408	*	25.58
Madhavi Agarwal	Whole-Time Director	24,73,945	41,50,001	*	16.25
K.K. Sinha	Director-Operations	22,72,029	21,41,904	6.07%	14.92
<b>Key Managerial Personnel</b>					
K Nageswara Rao	Chief Financial Officer	25,52,240	23,48,240	8.69%	16.76
Deepesh Kumar Pipalwa	Company Secretary	#2,89,638	2,20,083	#	1.90

\* Executive Directors are voluntarily given declaration for waiver of commission on profits of the company for the Financial year 2017-18 as such increase in remuneration is not comparable:

# Deepesh kumar Pipalwa salary is only for ten months in the Financial Year 2016-17 as such not comparable:

- The Median Remuneration of the employees of the Company during the financial year was ₹ 1,52,285/-.
- In the financial year, there is an increase 9.95% in the median remuneration of employees.
- There are 384 permanent Employees on the Rolls of the Company as on 31<sup>st</sup> March, 2018.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year i.e. 2016-17 was 10%, and for financial Year 2017-18 also it was 9.95%. However, in the remuneration of Key Managerial Personnel's, Chief Financial Officer and Director Operations was increased by 8.69% and 6.07% respectively for the Financial Year 2017-18.
- 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.
- It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

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

**Place :** Secunderabad  
**Date :** 19<sup>th</sup> May, 2018

**Vithaldas Agarwal**  
Managing Director  
DIN: 00012774

**Mahender Kumar Agarwal**  
Joint Managing Director  
DIN: 00012807



**Annexure - III**  
**List of Top 10 employees in terms of Remuneration drawn as set out in Rule 5(2) Companies (Appointment and Remuneration Of Managerial Personnel) Rules, 2014**

S. No	Name & Designation	Remuneration received (₹ in lakhs)	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of Commencement of employment	Age	The last employment held before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule(2) of Rule 5	Whether the employee is a relative of any director or manager of the company
1.	Sri Mahender Kumar Agarwal, Joint Managing Director	38,96,075	Regular	B.Com., 28 Years	01-07-1986	54	-	Not applicable	Yes
2.	Sri Vithaldas Agarwal, Managing Director	33,00,000	Regular	Under Graduate 54 Years	01-09-1989	78	-	Not applicable	Yes
3.	Smt. Madhavi Agarwal, Executive Director	24,73,945	Regular	B.Com., 10 Years	06-11-2014	50	-	Not applicable	Yes
4.	Sri K. Nageswara Rao, Chief Financial Officer	25,52,240	Regular	B.Com., FCA., 33 Years	28-01-2009	59	Regency Ceremics Ltd., Hyderabad	Not applicable	No
5.	Sri K. K. Sinha, Director- Operations	22,72,029	Regular	D.T.T. 41 Years	07-06-2004	62	Bhmvel Synthetics India Ltd., Fatahnagar, Rajasthan	Not applicable	No
6.	Sri D. V. Ramana Reddy, General Manager (HR and P&A)	14,10,151	Regular	M.Com., PGDPM & LL.B., 30 Years	13-06-2000	56	Kothari Spinning Mills Ltd., Adoni, Andhra Pradesh	No Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director	No
7.	Sri Kapil Pandit, Chief General Manager	12,29,786	Regular	A. T. T. 32 Years	03-11-2015	54	Orient Syntex Ltd., Bhiwandi, Rajasthan	No Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director	No
8.	Sri R. Prasada Rao, General Manager – Sales	10,03,164	Regular	M.Com., MSM 28 Years	22-01-2004	52	Priyadarshini Spinning Mills Ltd., Hyderabad	No Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director	No
9.	Sri K. Ajay Kumar, Manager - EDP	7,75,958	Regular	B.Sc., PGDCA., 26 Years	29-10-2004	50	My Home Industries Ltd., Hyderabad.	No Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director	No
10.	Sri Anil Kumar Rai, Technical Manager	7,33,769	Regular	Diploma in Mechanical 26 Years	01-07-2011	50	Sinab Textiles Mills, Kathuva, Jammu & Kashmir	No Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director	No

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

**Place :** Secunderabad  
**Date :** 19<sup>th</sup> May, 2018

**Vithaldas Agarwal**  
 Joint 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:**

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

**Composition of CSR Committee:**

The CSR Committee comprises of the following :

- Sri R Surender Reddy - Chairman
- Sri Vithaldas Agarwal - Member
- Sri Mahender Kumar Agarwal - Member.

**Average Net profits of last three Financial Years:**

Net Profits for the preceding three Financial year	2014-15 (₹)	2015-16 (₹)	2016-17 (₹)
	19,17,07,000	14,55,69,000	14,31,00,000
Average	₹ 16,01,25,333		
Prescribed CSR Expenditure (2% of Average Net profits)	₹ 32,02,507		

The company has spent ₹ 33,44,517/- on the identified areas as approved by the Board for the Financial Year ended 31st March, 2018. 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 was 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	Running and on-going expenditure for Gayathri Vedavidyalam Marchala Village, Kalwakurthy, Nagar Kurnool District, Telangana	17,00,000	17,72,417	17,72,417	Amount paid to Gayathri Veda patasala and payment of expenses Directly
2	Promoting Health Care including Preventive health care	Health Care		30,000	28,600	28,600	The Leprosy Mission Trust India
3.	Animal wefare and maintaining Goshala	Animal Welfare	Marchal Village, Kalwakurthy Mandal, Nagar Kurnool District, Telangana.	15,00,000	15,43,500	15,43,500	Direct payments to parties

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  
DIN: 00012807

**R. Surender Reddy**  
Chairman  
DIN: 00083972

**Form MR-3**  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

[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, 1<sup>st</sup>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 referred to as “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 31<sup>st</sup> March, 2018, 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 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) (to the extent applicable) and the Rules 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;
- (v) The following Regulations and Guidelines prescribed under the Securities 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 (De-listing 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, we opine that the Company has complied with the following laws:
- Textiles (Development & Regulation) Order, 2001;
  - Textiles (Consumer Protection) Regulation, 1988;
  - Technology Up-gradation Fund Scheme;
  - Foreign Trade Policy 2015-2020;
  - Hank yarn notification issued under Essential Commodities Act, 1955.

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

- Secretarial Standards issued by the Institute of Company Secretaries of India;
- 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.

**We 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 atleast 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.

We 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 VCAN & Associates  
Practicing Company Secretaries**

**Place:** Hyderabad  
**Date :** 19<sup>th</sup> May, 2018

**Ajay Naga Chowdary Vemuri**  
M.No.A36089  
C.P.No.15460

**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.**

**TO THE SECRETARIAL AUDIT REPORT**

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

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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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. Our 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. We have relied up on the information provided by the Management with respect to related party transactions for its compliance.

**For VCAN & Associates  
Practicing Company Secretaries**

**Place:** Hyderabad  
**Date :** 19<sup>th</sup> May, 2018

**Ajay Naga Chowdary Vemuri**  
M.No.A36089  
C.P.No.15460

**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 Boards Report for the year ended 31<sup>st</sup> March, 2018.**

**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 utilizing 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)
		<u>2017 – 18</u>	<u>2016 – 17</u>
(i) <b>Foreign Exchange earned</b>			
FOB Value of Exports		<b>2421.17</b>	2302.24
(ii) <b>Foreign Exchange Used</b>			
Import of Capital Goods		<b>Nil</b>	38.40
Raw materials		<b>Nil</b>	NIL
Spares		<b>98.97</b>	93.25
Foreign Travel		<b>Nil</b>	NIL
Commission on export sales		<b>44.62</b>	26.89

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

**Place:** Secunderabad  
**Date:** 19<sup>th</sup> May, 2018

**Vithaldas Agarwal**  
**Managing Director**  
**DIN 00012774**

**Mahender Kumar Agarwal**  
**Joint Managing Director**  
**DIN 00012807**

## CORPORATE GOVERNANCE REPORT

### 1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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 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 2017 – 18.

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 2017 – 18.

Name of the Director	Category	Board meetings Attended	Attendance at last AGM held on 04-09-2017
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	Present
Sri K. R. Suresh Reddy	Non-Executive Independent	3	Present
Sri Vithaldas Agarwal	Executive/ Promoter	4	Present
Sri Mahender Kumar Agarwal	Executive/ Promoter	4	Present
Smt. Madhavi Agarwal	Executive Director	4	Present
Sri K. K. Sinha	Executive Director	3	Present

#### 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	6	5
Sri K Lakshmikanth Reddy	Nil	Nil	Nil
Sri R S Agarwal	5	2	2
Sri K R Suresh Reddy	2	Nil	Nil
Sri Vithaldas Agarwal	1	Nil	Nil
Sri Mahender Kumar Agarwal	2	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 financial year ended 31 March 2018. The maximum gap between any two consecutive meetings did not exceed 120 days.

The dates on which the Board meetings were held are 19<sup>th</sup> May, 2017, 4<sup>th</sup> September, 2017, 9<sup>th</sup> December, 2017 and 10<sup>th</sup> February 2018.

**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](http://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:**

1. During the year 2017– 2018, Four Audit Committee meetings were held on 19<sup>th</sup> May, 2017, 4<sup>th</sup> September, 2017, 9<sup>th</sup> December, 2017 and 10<sup>th</sup> February, 2018. The attendance of each member of the Committee is given below:

S.No.	Name	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 2017 – 18, One Nomination and Remuneration Committee meeting was held on 4<sup>th</sup> September, 2017. 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 (In ₹)	Equity Shares held
1.	Sri R Surender Reddy	41,000	3600
2.	Sri K R Suresh Reddy	33,000	0
3.	Sri K Lakshmikanth Reddy	25,000	0
4.	Sri R S Agarwal	41,000	0

**Details of remuneration paid to Directors:**

A detail of remuneration paid to Managerial Persons of the Company during the year **2017-18** is given below:

**Sri Vithaldas Agarwal – Managing Director**

(in Rupees)

Fixed Component		Commission payable as a % on Profit After Tax	Contribution to PF	Total
*Remuneration (including HRA)	Perquisites			
33,00,000	Nil	Nil	Nil	33,00,000

**Sri Mahender Kumar Agarwal - Joint Managing Director**

Fixed Component		Commission payable as a % on Profit After Tax	Contribution to PF	Total
*Remuneration (including HRA)	Perquisites			
33,50,640	5,23,835	Nil	21,600	38,96,075

**Smt. Madhavi Agarwal - Executive Director**

Fixed Component		Commission payable as a % on Profit After Tax	Contribution to PF	Total
*Remuneration (including HRA)	Perquisites			
21,00,000	3,52,345	Nil	21,600	24,73,945

**Sri K.K. Sinha - Director Operations**

Fixed Component		Commission payable as a % on Profit After Tax	Contribution to PF	Total
*Remuneration (including HRA)	Perquisites			
19,42,536	3,07,893	Nil	21,600	22,72,029

\* Keeping in view of the ongoing modernization cum expansion project at Kalwakurthy unit, the working directors provided declarations for waiver of commission on profit for the year 2017- 18.

The Nomination and Remuneration Policy of the Company can be accessed at the Company's website at the link [www.suryalata.com](http://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 Stakeholder 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, Stakeholder Relationship Committee met once on 10<sup>th</sup> February, 2018.

**3) Composition & attendance in committee meeting(s) :**

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:**

Deepesh Kumar Pipalwa was acting as Company Secretary who appointed as Company Secretary cum Compliance Officer of the Company from 1<sup>st</sup> June, 2016 to 31<sup>st</sup> May, 2018.

- b. Number of Shareholders complaints received so far : 4
- 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
2016-17	4 <sup>th</sup> September, 2017	KamatLingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016	11.00 A.M
2015-16	28 <sup>th</sup> September, 2016	KamatLingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016	10.30 A.M
2014-15	21 <sup>st</sup> September, 2015	KamatLingapur 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
4 <sup>th</sup> September, 2017	Nil	Nil
28 <sup>th</sup> September, 2016	1	1. Further issue of Share Capital
21 <sup>st</sup> 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.

**2. No Special Resolution was passed in the financial year 2017-18 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 BSE Limited. 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 Nava Telangana (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](http://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	:	<b>13-08-2018</b>
Time	:	<b>11.00 A.M.</b>
Venue	:	<b>Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016.</b>
b) Financial Calendar	:	1 <sup>st</sup> April to 31 <sup>st</sup> March.
c) Date of Book closure	:	<b>08<sup>th</sup> August, 2018 to 13<sup>th</sup> August, 2018 (Both days inclusive).</b>
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
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal street, Fort, Mumbai - 400 001.	5 1 4 1 3 8

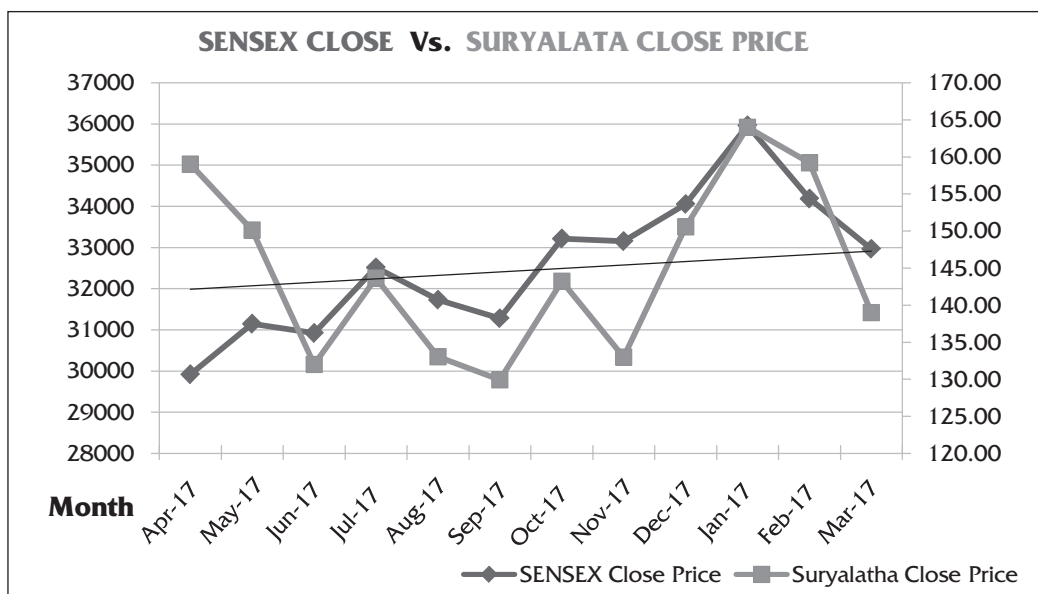
The listing fee for the year 2018– 19 has been paid to the Stock Exchange.

**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:**  
(in Rupees)

MONTH	HIGH	LOW
April, 2017	174.00	152.05
May, 2017	179.90	136.00
June, 2017	151.50	126.00
July, 2017	151.00	126.10
August, 2017	147.60	123.00
September, 2017	145.00	126.65
October, 2017	156.00	126.85
November, 2017	159.90	131.00
December, 2017	165.00	131.80
January, 2018	213.25	149.30
February, 2018	179.00	138.00
March, 2018	156.75	132.10

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



**h) Registrar & Transfer Agents:**

(for shares held in both Physical and Demat mode)  
M/s. Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally, Hyderabad – 500 032.  
Phone No.: 040 - 6716 1606, 6716 1770 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 lodgment 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 BSE Limited, where the shares of the Company are listed.

**j) Distribution schedule and shareholding pattern as on 31<sup>st</sup> March 2018:**

**(1) Distribution of Shareholding as on 31<sup>st</sup> March, 2018**

No. of Equity Shares Slab	No. of Share Holders		No. of Shares	
	Total	%	Total	%
1 - 5000	2825	92.56	2,71,271	6.36
5001 - 10000	104	3.41	79,252	1.86
10001 - 20000	55	1.80	81,157	1.90
20001 - 30000	18	0.59	43,626	1.02
30001 - 40000	12	0.39	42,162	0.99
40001 - 50000	7	0.23	32,756	0.77
50001 - 100000	8	0.26	52,170	1.22
100001 & above	23	0.75	36,64,606	85.88
<b>TOTAL</b>	<b>3,052</b>	<b>100.00</b>	<b>42,67,000</b>	<b>100.00</b>

**(2) Shareholding Pattern as on 31<sup>st</sup> March, 2018:**

Category of Shareholder	No. of Share Holders	Total No. of shares	%
<b>Promoter's Holding</b>			
Indian Promoters	4	30,02,310	70.36
Foreign Promoters	0	0	0
<b>Total Promoter's Holding (A)</b>	<b>4</b>	<b>30,02,310</b>	<b>70.36</b>
<b>Public Shareholding</b>			
<b>Institutional Investors:</b>			
Mutual Funds	2	96	0.00
Financial Institutions/Banks	1	900	0.02
Foreign Institutional Investors	0	0	0
Foreign Companies	0	0	0
Any Other - IEPF	1	33,302	0.78
<b>Non – Institutional Investors</b>			
Bodies Corporate	74	2,01,208	4.72
<b>Individuals</b>			
Holding share capital up to ₹ 2 lakh	2,932	6,85,064	16.05
Holding share capital in excess of ₹ 2 Lakh	8	3,37,061	7.9
<b>Others</b>			
Non Resident Individuals	25	6,705	0.16
Overseas Corporate Bodies	0	0	0
Trusts	0	0	0
Clearing Members	5	354	0.03
<b>Total Public Shareholding (B)</b>	<b>3,048</b>	<b>12,64,690</b>	<b>29.64</b>
Shares held by Custodian against Depository Receipts (C)	0	0	0
<b>TOTAL (A+B+C)</b>	<b>3,052</b>	<b>42,67,000</b>	<b>100.00</b>

**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, 2018, **42,06,976 Equity shares** were dematerialized representing **98.59%** 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 BSE 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,<br>Kalwakurthy Mandal,<br>Nagar Kurnool District<br>Telangana<br>Pin Code: 509 320. | ii) Urukondapet Village,<br>Urukonda Mandal<br>Nagar Kurnool District<br>Telangana<br>Pin Code: 509 320. |
|--|--|

**n) 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 31-32, Gachibowli,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad – 500 032 .  
Phone No.: 040 - 6716 1606, 6716 1770 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,  
Suryalata Spinning Mills Limited  
Surya Towers, 1<sup>st</sup> Floor, 105, Sardar Patel Road,  
Secunderabad – 500 003. Telangana.  
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](http://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.

**VIII. 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.

**XIII. 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 31<sup>st</sup> March, 2018. 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 year ended 31<sup>st</sup> March, 2018.

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

**Place:** Secunderabad  
**Date :** 19<sup>th</sup> May, 2018

**Vithaldas Agarwal**  
**Managing Director**  
**DIN 00012774**

**Mahender Kumar Agarwal**  
**Joint Managing Director**  
**DIN 00012807**

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 12s to 60s. The company is having two manufacturing units on Kalwakurthy and Urukondapet – Jachcheral 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, Urukondapet unit has an installed capacity of 56,976 spindles and Kalwakurthy unit has an installed capacity of 36,288 spindles. The Company has taken up the Modernization cum Expansion at Kalwakurthy unit under Telangana Textile & Apparel Policy (T-TAP). After completion of the said project, Spindle capacities will increase to 1,15,000 spindles. Both the manufacturing units are certified “ISO 9001:2008”.

Textiles in India have long history dating back to more than 5000 BC and there were archaeological evidence that we had an abundant resources and forefront in supply the finest textile products to the rest of the world. This sector cannot be ignored because it is the second largest sector providing employment opportunities both organized and unorganized sectors. The textile industry employs about 51 million people directly and 68 million people indirectly. The textile industry has two broad segments. First, the unorganized sector consists of hand-loom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Indian textile industry exhibits rich cultural heritage of India with wide variety of fabrics, techniques and hues that reflect the diverse set of people and traditions across the country. One of the oldest industries in India, It covers an extensive spectrum of segments, from hand woven/hand-spun, unorganized segment on one end to capital and technology intensive organized segment on the other. India is the largest producer of Jute in the world and is the second largest producer of silk and cotton globally.

### INDUSTRY STRUCTURE AND DEVELOPMENT

#### GLOBAL ECONOMY:

The global textile industry impacts nearly every human being on the planet. The industry is currently worth nearly US \$3 trillion and includes the production, refinement, and sale of both synthetic and natural fibers used in thousands of industries. There are many developing countries ready to crack or climb in the near future as their investment into the textile or garment industry increases. Countries such as Pakistan, Sri Lanka, and a number of South American countries have seen considerable growth in their textile

markets in recent years. The United States is the leading producer and exporter of raw cotton, while also taking the prize for the top importer of raw textiles and garments. China is the world’s leading producer and exporter of both raw textiles and garments. As China moves towards a service-based economy, and labor prices continue to rise, it is logical to assume many garment producers will move away from China and into developing markets where labor is cheap and readily available.

#### Indian Economy

In India, Currency Demonetization and Induction of GST, reduction of Incentives in India and a shift in the dynamics of US Retail Trade Regulations are made sizable re-distributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments—along 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.

Indian synthetic fiber industry is the new addendum to the ever-growing Indian Textile Industry. Unlike the other sectors of Indian Textile Industry, the India synthetic fiber industry is an organized sector. This industry accounts for about 2.09 billion kg i.e. 44%, of man-made fiber or yarn industry. The product of this industry includes polyester staple fiber, acrylic staple fiber and polypropylene staple fiber. The import of India synthetic fiber industry showed a mixed trend over the last five years. Further, the export of India synthetic fiber industry had grown by 50% during the same period. India is major exporting country as far as textile sector is concerned and not dependent on import.

The Indian Textile Industry is estimated at USD 108 bn and projected to reach USD 223 bn by 2021. The textile sector is one of the largest contributors to India’s exports – approximately 11% of its output is exported India’s textile exports in 2015-16 were nearly \$ 40 bn and expected to reach \$ 80 bn by 2020. 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 key initiatives announced in the Union Budget 2018-19 to boost the Textiles sector are listed below:

The Budget has given a big thrust to Medium, Small and Micro Enterprises (MSMEs) to boost employment and economic growth. A sum of ₹ 3794 crore has been provided for giving credit support, capital and interest subsidy and for innovations.

MUDRA Yojana launched in April, 2015 has led to sanction of ₹ 4.6 lakh crore in credit from 10.38 crore MUDRA loans. 76% of loan accounts are of women and more than 50% belong to SCs, STs and OBCs. It is proposed to set a target of ₹ 3 lakh crore for lending under MUDRA for 2018-19 after having successfully exceeded the targets in all previous years.

Also the government attempt to contribute 12% of the wages of new employees in EPF for all the sectors for next 3 years with the extension of fixed term employment in all sectors and reduction in women employees' contribution to 8% for first three years from 12 % are also positive steps for the textile sectors, he added

Upgrade labour skills by allocating outlay of ₹ 7,148 crore for the textile sector in 2018-19 as against ₹ 6,000 crore in 2016.

Skill Development under the Integrated Skill Development Scheme (ISDS), the Ministry has trained more than 5.3 lakh youth in textile trades over the last two years, particularly in the garmenting segment. More than 81 % of persons trained have been placed including 79 % of the trained women.

With regard to increase in allocation of funds under the TUF Scheme from ₹ 2013 crore in 2017-18 to ₹ 2300 for 2018-19, the chairman said that the proposal is a positive one.

The reduced income tax rate of 25 percent will immensely benefit the micro, small and medium enterprises who have reported turnover up to ₹ 250 crore in the financial year 2016-17.

He said these sort of measures will create employment opportunities especially for women in textiles sector and contribute significantly towards "Make in India" campaign.

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 :** Our strengths are,

- (a) Experienced management team with exposure in textile industry.
- (b) Good reputation in the market due to quality and timely supplies.
- (c) Emphasis on quality of product nurtured across the company.
- (d) The company has established strong presence in the market for several years.
- (e) The business model is simple & needs minimum marketing requirement.
- (f) India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc

## WEAKNESS

### a. 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.

### b. Spinning Sector

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

### c. Fabric Processing

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

### d. Poor Infrastructure

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

### e. Others:

Profitability undermined by volatile raw material prices and rising wages

Fierce competition weighing on margins and further stressed by e-commerce activities

Changing consumer behavior (e.g. fast fashion) forcing T&C to become more flexible

## OPPORTUNITIES

- (a) Booming Hosiery manufacturing sector in India. Who are probable customers of the Company.
- (b) Lucrative export market for the yarn especially 40s/45s count.
- (c) High demand in premium inner-wear market which generally require 40s count yarn.

## THREATS

- Chinese import of yarn at lower prices in India as well as global market.
- Raw material constitutes a significant percentage of the company's total expenses. However, this is common for any spinning unit.
- The company faces significant competitions in its principal markets. Slowdown in academic growth in India could cause the company's Business to suffer.
- The market is high competitive and is high price sensitive.

## 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. Your Company believes that the competition in the emerging markets will be met by developing production system based on cost efficiency, high Productivity, quality assurance, etc. **Raw materials, uninterrupted power supply and labor are the three critical inputs for our industry.** Raw materials, inventories are maintained adequately while maintaining excellent relationship with domestic producers of polyester and viscose. The company invested in building quarters at units to reduce labor shortages that had plagued our performance in the past. Power cost to be addressed on generation and use of conventional energy, for which the company taken steps to install 1 MW Solar Plant initially and there after to increase another 5 MW. The company also had undertaken modernization cum expansion of capacities. With this the entire process, the Company able to increase the plant performance further in the coming years.

## 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 2017-18 was ₹ 33,412 Lakhs in comparison to ₹ 35,122 Lakhs in the previous year. The production during the year was 23,401 MTs in comparison to 24,889 MTs in previous year.

Your Company has earned a Profit Before Tax of ₹ 1,240 Lakhs in comparison to ₹ 1,369 Lakhs in the previous year. The Company earned a profit after tax of ₹ 789 Lakhs in comparison to ₹ 883 Lakhs in the previous year in spite 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 1,462 in addition to indirect employment created.

## CORPORATE SOCIAL RESPONSIBILITY

The company formulated CSR policy to touch and transform people's lives by promoting health care, education including special education among children and employment opportunities for women, providing malnutrition, sanitation and drinking water, animal welfare etc.,

During the year Suryalata has taken up initiative to educate Vedic students, so far studied 61 students in Vedic vidyalayam established by the company. The Company also provided donations to various charitable institutions and providing malnutrition for up keep the Animals Welfare.

## ROAD A HEAD :

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 organized 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.

The Indian cotton textile industry is expected to showcase a stable growth in FY 2018-19, supported by stable input prices, healthy capacity utilization and steady domestic demand

- x -

**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 31<sup>st</sup> March, 2018 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 :** 19<sup>th</sup> May, 2018

**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 **31<sup>st</sup> March, 2018** 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, 2018, 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 **K S Rao & Co.,**  
Chartered Accountants  
(Firm Regn. No 003109S)

**V Venkateswara Rao**  
Partner  
Membership No. 219209

Place: Hyderabad  
Date : 19<sup>th</sup> May, 2018



# **Financial Statements**

## **INDEPENDENT AUDITOR'S REPORT**

To  
The Members Of  
**SURYALATA SPINNING MILLS LIMITED**  
SECUNDERABAD.

### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying financial statements of SURYALATA SPINNING MILLS LIMITED, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance(including other comprehensive income),cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India,including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards)Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act and the Rules made thereunder including 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**INDEPENDENT AUDITOR'S REPORT (contd.)**

**Other Matter**

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 19, 2017 and May 23, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of above matter.

**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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements 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 36(a)(v).
    - 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.

for **K S RAO & CO.**,  
Chartered Accountants  
Firm's Regn. No. 003109S

**(V VENKATESWARA RAO)**  
Partner  
Membership No.219209

**Place:** Hyderabad  
**Date :** 19.05.2018

**INDEPENDENT AUDITOR'S REPORT (contd.)****Annexure - A to the Auditor's Report 31<sup>st</sup> March, 2018**

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 31<sup>st</sup> March, 2018.

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 Section 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 face 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 regular in depositing undisputed statutory dues including provident fund, employees 'state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2018 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. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Term loans availed were applied for the purposes for which those are raised.
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.

**INDEPENDENT AUDITOR'S REPORT (contd.)**

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 **K S RAO & CO.**,  
Chartered Accountants  
Firm's Regn. No. 003109S

**Place:** Hyderabad  
**Date :** 19.05.2018

**(V VENKATESWARA RAO)**  
Partner  
Membership No.219209

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**Annexure – B to the Auditor's Report - 31<sup>st</sup> March, 2018.**

**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 31<sup>st</sup> March 2018 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

**INDEPENDENT AUDITOR'S REPORT (contd.)**

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 judgment, 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 authorizations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2018, 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 **K S RAO & CO.**,  
Chartered Accountants  
Firm's Regn. No. 003109S

**Place:** Hyderabad  
**Date :** 19.05.2018

**(V VENKATESWARA RAO)**  
Partner  
Membership No.219209

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018**

(All amounts in ₹ Lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I. ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, Plant and Equipment	2(a)	12,784.17	13,153.59	13,373.58
(b) Capital work-in-progress	2(b)	1,345.81	630.66	513.72
(c) Intangible Assets	2(c)	9.78	8.50	0.00
(d) Financial Assets				
(i) loans	3	1.08	4.87	6.08
(ii) Other financial assets	4	778.17	780.58	670.38
<b>Total Non-current assets</b>		<b>14,919.01</b>	<b>14,578.20</b>	<b>14,563.76</b>
<b>2. Current assets</b>				
(a) Inventories	5	1,852.97	2,140.36	1,822.85
(b) Financial Assets				
(i) Investments	6	0.26	0.38	0.40
(ii) Trade receivables	7	2,657.72	3,038.36	2,801.59
(iii) Cash and cash equivalents	8	29.34	54.99	27.11
(iv) Others financial assets	9	62.29	92.93	59.84
(c) Other current assets	10	1,517.31	1,830.11	2,176.88
<b>Total Current assets</b>		<b>6,119.89</b>	<b>7,157.13</b>	<b>6,888.67</b>
<b>TOTAL ASSETS</b>		<b>21,038.90</b>	<b>21,735.33</b>	<b>21,452.43</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1. Shareholder's funds</b>				
(a) Equity Share capital	11	426.70	426.70	426.70
(b) Other Equity	12	9,692.43	8,926.62	8,058.58
<b>Total Equity</b>		<b>10,119.13</b>	<b>9,353.32</b>	<b>8,485.28</b>
<b>2. Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	13	2,356.18	3,129.36	4,772.31
b) Deferred tax liabilities (Net)		1,755.53	1,704.11	1,642.11
<b>Total Non-current liabilities</b>		<b>4,111.71</b>	<b>4,833.47</b>	<b>6,414.42</b>
<b>3. Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	14	3,857.85	3,870.82	2,813.18
(ii) Trade payables	15			
Micro and small enterprises		157.79	137.20	173.75
Creditors other than micro and small enterprises		245.75	190.64	182.84
(iii) Other financial liabilities	16	1,866.66	2,461.26	2,688.24
(b) Other current liabilities	17	105.89	204.90	126.15
(c) Provisions	18	574.12	683.72	568.57
<b>Total Current liabilities</b>		<b>6,808.06</b>	<b>7,548.54</b>	<b>6,552.73</b>
<b>Total Liabilities</b>		<b>10,919.77</b>	<b>12,382.01</b>	<b>12,967.15</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,038.90</b>	<b>21,735.33</b>	<b>21,452.43</b>
Significant Accounting policies and Key accounting adjustments & Judgments	1-41			

Per Our Report of even date  
for **K S RAO & CO.**,  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V VENKATESWARA RAO**  
Partner  
Membership No. 219209

**DEEPESH KUMAR PIPALWA**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

**Place:** Secunderabad  
**Date :** 19th May, 2018

**K NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(All amounts in ₹ Lakhs)

Particulars	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
<b>I.</b> Revenue from operations	19	33,156.95	34,652.63
<b>II.</b> Other Income	20	254.98	469.43
<b>III.</b> <b>Total Income (I + II)</b>		<b>33,411.93</b>	<b>35,122.06</b>
<b>IV. EXPENSES</b>			
Cost of Raw material Consumed	21	21,694.67	23,602.79
Changes in inventories of finished goods, and work in Process	22	573.25	(234.82)
Employee benefits expense	23	2,372.28	2,340.16
Finance costs	24	710.38	792.29
Depreciation and amortization expense	25	764.73	809.32
Other expenses	26	6,056.50	6,442.83
<b>Total expenses (IV)</b>		<b>32,171.81</b>	<b>33,752.57</b>
<b>V.</b> Profit before tax (III-IV)		<b>1,240.12</b>	<b>1,369.49</b>
<b>VI.</b> Tax expense:			
a. Current Tax		400.00	425.00
b. Deferred Tax		51.42	61.84
<b>Total Tax Expenses (VI)</b>		<b>451.42</b>	<b>486.84</b>
<b>VII. Profit for the period (VII - VIII)</b>		<b>788.70</b>	<b>882.65</b>
<b>VIII.</b> Other Comprehensive income	27		
i. Items that will not be reclassified subsequently to profit or loss		1.68	0.44
ii. Income tax relating to items that will not be reclassified to profit or loss		(0.58)	(0.16)
<b>Total Other Comprehensive Income for the period (VIII)</b>		<b>1.10</b>	<b>0.28</b>
<b>IX. Total Comprehensive Income for The Period (VII + VIII)</b>		<b>789.80</b>	<b>882.93</b>
<b>X.</b> Earnings per equity share ( Face value of rs 10/- each)	28		
Basic and Diluted		18.48	20.69
Significant Accounting policies and Key accounting adjustments & Judgments	1-41		

 Per Our Report of even date  
 for **K S RAO & CO.,**  
 Chartered Accountants  
 Firm Regn. No. : 003109S

for and on behalf of the Board

**V VENKATESWARA RAO**  
 Partner  
 Membership No. 219209

**DEEPESH KUMAR PIPALWA**  
 Company Secretary

**VITHALDAS AGARWAL**  
 Managing Director

**Place:** Secunderabad  
**Date :** 19th May, 2018

**K NAGESWARA RAO**  
 Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
 Joint Managing Director



**Statement of Changes in Equity**

**A. Equity Share Capital** (All amounts in ₹ Lakhs)

Particulars	Notes
<b>As at March 31, 2016</b>	<b>961.70</b>
Less : Preference share capital considered as Borrowings - Non Current Under Ind AS	505.73
Less : Equity portion of Preference Shares considered as Other equity Under Ind AS	29.27
<b>As at April 1, 2016</b>	<b>426.70</b>
Changes in equity share capital during the year	-
<b>As at March 31, 2017</b>	<b>426.70</b>
Changes in equity share capital during the year	-
<b>As at March 31, 2018</b>	<b>426.70</b>

**B. Other Equity**

Particulars	Security Premium	Capital Redemption Reserve	Preference Capital Redemption Reserve	General Reserve	Retained Earnings	Equity component of Financial Liability	Re measurement of defined benefit plan	Total
<b>Balance as at 1 April 2016</b>	1,288.20	1,057.36	535.00	4,110.00	1,038.75	29.27	-	8,058.58
Profit for the Year					882.65			882.65
Transfer to General Reserve				1,000.00	(1,000.00)			-
Equity Dividend Includes DDT Paid					(30.44)			(30.44)
Total comprehensive income for the year							0.28	0.28
Equity instruments through other comprehensive income							15.55	15.55
<b>Balance as at 31 March 2017</b>	1,288.20	1,057.36	535.00	5,110.00	890.96	29.27	15.83	8,926.62
Profit for the Year					788.70			788.70
Transfer to General Reserve				800.00	(800.00)			-
Equity Dividend Includes DDT Paid					(22.83)			(22.83)
Total comprehensive income for the year							0.82	0.82
Equity instruments through other comprehensive income							(0.88)	(0.88)
<b>Balance as at 31 March 2018</b>	<b>1,288.20</b>	<b>1,057.36</b>	<b>535.00</b>	<b>5,910.00</b>	<b>856.83</b>	<b>29.27</b>	<b>15.77</b>	<b>9,692.43</b>

The description of nature and purpose of reserves within equity is as follows :

- (i) Security Premium Reserve : Premium received on issue of equity shares credited to security premium reserve, It can be utilized as per the provision of section 63 of the companies act.
- (ii) Capital Redemption Reserve : Created on redemption of preference shares, It can be utilized as per section 63 of the companies act.
- (iii) Preference Capital Redemption Reserve : Created against the profits for redemption of preference shares issued. It can be utilized for redemption of preference shares on due date.
- (iv) General reserve: Reserve is created from time to time by transfer of profits from retained earnings. It can be utilized as per provisions of Section 63 of the companies act.
- (v) Retained earnings: Retained earnings are accumulation of profits earned by the company. It can be utilized for distribution of dividends to equity share holders.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

(All amounts in ₹ Lakhs)

PARTICULARS	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>1,240.11</b>	<b>1,369.50</b>
Add : Depreciation	764.74	809.32
Finance Charges	673.84	745.99
Fair value (Profit)/Loss on Investments	0.12	0.02
(Profit)/Loss on sale of Assets (net)	7.80	1.69
	<u>1,446.50</u>	<u>1,557.02</u>
	<b>2,686.61</b>	<b>2,926.52</b>
Less : Interest earned	51.38	49.61
Rent Received	0.07	0.60
Direct Taxes paid	498.43	321.28
	<u>549.88</u>	<u>371.49</u>
<b>Operating Profit before working capital changes</b>	<b>2,136.73</b>	<b>2,555.03</b>
Add : Decrease/(Increase) in Inventories	293.51	(317.52)
Decrease/(Increase) in Receivables	380.64	(236.77)
Decrease/(Increase) in Loans & Advances	(69.46)	358.93
(Decrease)/Increase in Current Liabilities	(130.91)	(185.83)
	<u>473.78</u>	<u>(381.19)</u>
<b>Net Cash flow from Operating activity (A)</b>	<b>2,610.51</b>	<b>2,173.84</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>INFLOW:</b>		
Sale of Assets(net of taxes)	55.56	5.10
Interest Received	47.80	50.19
Rent Received	0.07	0.60
	103.43	55.89
<b>OUTFLOW:</b>		
Acquisition of fixed assets including Capital Work in Progress	(1,181.23)	(721.55)
(Increase)/Decrease in Advance for Capital equipment	436.70	(135.49)
	<u>(744.53)</u>	<u>(857.04)</u>
<b>Net Cash flow from Investing activity (B)</b>	<b>(641.10)</b>	<b>(801.15)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>INFLOW:</b>		
Term Loans Received	300.55	-
Hire Purchase Loans Received	-	35.67
Unsecured Loans received	92.50	85.51
Increase/(decrease) in Bank Borrowings	(105.47)	1,012.14
	<b>287.58</b>	<b>1,133.32</b>
<b>OUTFLOW:</b>		
Repayment of Term loans	1,471.36	1,538.70
Dividends Paid	18.97	25.30
Repayment of Hire Purchase loans	17.01	23.34
Repayment of Unsecured loans	-	40.00
Repayment of sales tax loans	90.85	111.47
Interest Paid	684.45	739.32
	<u>2,282.64</u>	<u>2,478.13</u>
<b>Net Cash flow from financing activities (C)</b>	<b>(1,995.06)</b>	<b>(1,344.81)</b>
<b>Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)</b>	<b>(25.65)</b>	<b>27.87</b>
Add: Cash/Cash equivalents at the beginning of the year	54.99	27.12
Cash/Cash equivalents at the end of the year	29.34	54.99

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)**
**Notes :**

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind-AS) - 7 on Statement of Cash flow.
- 2 Previous year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.
- 3 Cash and Cash equivalents comprises of :

S. No	Particulars	As at 31.03.2018	As at 31.03.2017
A.	Cash on Hand	4.52	5.48
B.	Balances in bank a/c's		
a.	Current Accounts	16.60	41.22
b.	Ear marked balance with Banks - unpaid dividends	8.21	8.28
C.	With Post Office Savings Bank	0.01	0.01
	<b>Cash and Cash equivalents in Cash Flow Statement</b>	<b>29.34</b>	<b>54.99</b>

Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V VENKATESWARA RAO**  
Partner  
Membership No. 219209

**DEEPESH KUMAR PIPALWA**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

**Place:** Secunderabad  
**Date :** 19th May, 2018

**K NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### CORPORATE INFORMATION

Suryalata Spinning Mills Limited (the “Company”) is a public limited company incorporated on 23<sup>rd</sup> May, 1983 and as its Registered office at 105, S P Road, Surya Towers , 1<sup>st</sup> Floor, Secunderabad, Telangana State. The Company is engaged in producing the best quality of yarns like synthetic, blended, mélange and value added yarns suitable for suiting’s, shirting’s and knitting. The Company is listed on Bombay Stock Exchange.

The financial statements of the company for the year ended March 31<sup>st</sup>, 2018 are approved for issue by the Company’s Board of Directors on May 19<sup>th</sup>, 2018.

### SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS.

#### 1. Significant Accounting Policies:

##### (1.1) Basis of Preparation of Financial Statements.

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 and other relevant provisions of the act.

These Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied constantly over all the periods presented in these financial statements.

The financial statements are presented in INR which is also the Company’s functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

##### (1.2) Classification of Assets and liabilities as Current and Non-current

The company has determined its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

##### (1.3) Property, Plant and Equipment-Tangible Assets

- i. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies act-2013 except the assets costing ₹ 5000 or less on which depreciation is charged @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.
- vi. Transition to Ind AS:

On transition to Ind AS, the Company has selected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

##### (1.4) Intangible Assets

Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

**(1.5) Impairment of Assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired.

**(1.6) Inventory**

Inventories are valued at the lower of cost and net realizable value. The cost is determined on Weighted Average basis. Cost of finished goods and work-in-process include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Stores and packing materials are valued at cost on weighted average basis.

**(1.7) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**a. Financial Asset****Initial recognition and measurement**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit & Loss transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

**Subsequent Measurement**

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) Amortized Cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through other comprehensive income (FVTOCI)

**Financial Asset measured at amortized cost**

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in equity shares) at amortized cost.

**Financial Assets Measured at fair value through other comprehensive income**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income(OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

**Financial Assets at fair value through profit or loss (FVTPL)**

Financial Asset are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Statement of Profit & Loss.

**Derecognition of Financial Assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

**b. Financial Liabilities.****Initial recognition and measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

**Subsequent Measurement**

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

**Financial Liabilities at amortized cost**

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

All the financial liabilities of the company are subsequently measured at amortized cost using Effective Interest method.

**Derecognition of Financial Liabilities**

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires.

**(1.8) Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit and Loss.

**(1.9) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**(1.10) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured a regardless of when the payment made. The specific recognition criteria described below must also be met before revenue is recognized.

**a. Sale of Products**

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the customer, the company no longer retain continuing managerial involvement to the degree usually associated with owner ship nor has effective control over the goods sold, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration that will be derived in the sale of goods.

Revenue from Sale of goods includes excise and other duties which the Company pays as a principal but excludes amounts collected on behalf of third parties i.e GST and Sales tax. Sale of goods in respect of export sales are recognized as and when the shipment of goods taken place.

**b. Recognition of Export benefits**

Export benefits entitlements in respect of Incentive Schemes including Duty drawback, Merchandise export incentive scheme (MEIS), FMS and FPS of the Government of India are recognized in the year in which Export Sales are accounted for.

**c. Interest Income**

Interest on deposits with government departments and financial institutions are recognized in statement of profit and loss when the right to receive/receivable during the period.

**(1.11) Dividend Distribution**

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

**(1.12) Employee Benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**a. Defined Contribution plans**

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

**b. Defined benefit plans**

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Re measurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss.

**(1.13) Taxes on Income****Tax expense comprises of current and deferred tax**

- a. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- b. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- c. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

**(1.14) Provisions**

Provisions are recognized when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

**(1.15) Contingent Liabilities** are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**(1.16) Claims**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

**(1.17). Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**(1.18) Government Grants**

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented in the balance sheet by setting up the grant as deferred income. Grants related to income are deducted in reporting the related expense in the statement of profit and loss.

**(1.19) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(1.20) Cash flow statement**

Cash flows are reported using the indirect method. Where by profit for the period is adjusted for effects of transactions of a non-cash nature, any deferrals are accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**(1.21) Segment Reporting**

The operations of the company are related to one segment i.e. spinning in textiles.

**(1.22) Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**(1.23) Standards issued, but not yet effective:**

The standards issued, but not effective up to the date of issuance of the company's financial statements are disclosed below.

**Ind AS 115, Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principal of the new standard is that revenue should be recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company will adopt the standard from April 1, 2018 and the management is in the process of determining the effect on adoption of Ind AS 115.

**Ind AS 21, Foreign currency transactions and advance consideration**

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transactions for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

**(1.24) Critical Accounting Estimates and Judgments**

The preparation of financial statements is in conformity with generally Accepted Accounting Principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are –

- Estimates of Useful life of Property, plant and equipment and intangibles
- Measurement of defined benefit obligation
- Recognition of deferred taxes
- Estimation of impairment
- Estimation of provision and contingent liabilities

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

Note No. 2 : Property, Plant and Equipment

**2 (a) Tangible Assets**

(All amounts in ₹ Lakhs)

Sl. No.	Particulars	Gross Block			Depreciation			Net Block				
		As at 01.04.2017	Additions	Deductions	As at 31.03.2018	Upto 01.04.2017	For the Year	Deductions	Upto 31.03.2018	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
1	Land (Freehold)	198.15	-	-	198.15	-	-	-	-	198.15	198.15	198.15
2	Buildings											
-	- Factory Buildings	3,194.19	-	-	3,194.19	885.76	104.71	-	990.47	2,203.72	2,308.43	2,404.56
-	- Non Factory Buildings	1,412.59	108.75	-	1,521.34	174.75	24.74	-	199.49	1,321.85	1,237.84	858.21
3	Plant and Equipment											
-	- Workshop Equipment	24.84	-	-	24.84	16.20	1.64	-	17.84	7.00	8.64	10.29
-	- Plant & Machinery	14,801.68	320.71	505.62	14,616.77	6,170.94	490.74	457.05	6,204.63	8,412.14	8,630.74	8,991.53
-	- Testing Equipment	89.75	-	-	89.75	78.57	7.82	-	86.39	3.36	11.18	19.77
-	- Electrical Installations	975.50	-	-	975.50	698.25	56.09	-	754.34	221.16	277.25	381.51
-	- Weighing Machinery	13.69	-	-	13.69	11.28	0.35	-	11.63	2.06	2.41	2.77
-	- Water Works	27.57	-	-	27.57	12.89	3.34	-	16.23	11.34	14.68	3.21
4	Furniture & Fixtures	105.69	12.12	-	117.81	64.69	10.47	-	75.16	42.65	41.00	47.77
5	Office Equipment	78.26	1.25	-	79.51	68.21	5.77	-	73.98	5.53	10.05	18.16
6	Vehicles	263.20	-	29.01	234.19	160.73	25.47	14.22	171.98	62.21	102.47	98.54
7	Data Processing Equipment	66.65	2.28	-	68.93	61.47	1.69	-	63.16	5.77	5.18	4.67
8	Material Handling Equipment	432.38	10.86	-	443.24	126.81	29.20	-	156.01	287.23	305.57	334.44
	<b>Total</b>	<b>21,684.14</b>	<b>455.97</b>	<b>534.63</b>	<b>21,605.48</b>	<b>8,530.55</b>	<b>762.03</b>	<b>471.27</b>	<b>8,821.31</b>	<b>12,784.17</b>	<b>13,153.59</b>	<b>13,373.58</b>

**Note No. 2 (b) : Capital work-in-progress**

1	Machinery work-in-progress	49.10	253.41	108.75	193.76	-	-	-	-	193.76	49.10	0.51
2	Civil work-in-progress	581.56	899.10	328.61	1,152.05	-	-	-	-	1,152.05	581.56	513.21
	<b>Total</b>	<b>630.66</b>	<b>1,152.51</b>	<b>437.36</b>	<b>1,345.81</b>	-	-	-	-	<b>1,345.81</b>	<b>630.66</b>	<b>513.72</b>

**Note No. 2 (c) : Intangible Assets**

1	Computer Software	10.20	3.99	-	14.19	1.70	2.70	-	4.41	9.78	8.50	0.00
	<b>Total</b>	<b>10.20</b>	<b>3.99</b>	-	<b>14.19</b>	<b>1.70</b>	<b>2.70</b>	-	<b>4.41</b>	<b>9.78</b>	<b>8.50</b>	<b>0.00</b>
	<b>Total (a+b+c)</b>	<b>22,325.00</b>	<b>1,612.47</b>	<b>971.99</b>	<b>22,965.48</b>	<b>8,532.25</b>	<b>764.73</b>	<b>471.27</b>	<b>8,825.72</b>	<b>14,139.76</b>	<b>13,792.75</b>	<b>13,887.30</b>
	<b>Previous Year 2016-17</b>	<b>21,616.65</b>	<b>721.55</b>	<b>13.20</b>	<b>22,325.00</b>	<b>7,729.34</b>	<b>809.32</b>	<b>6.41</b>	<b>8,532.25</b>	<b>13,792.75</b>	<b>13,887.31</b>	

1) Intangible Assets are not Internally generated

2) The amortization expense of intangible assets have been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 3</b>			
<b>(i) Loans :</b>			
a. Staff loans	1.08	4.87	6.08
<b>Total</b>	<b>1.08</b>	<b>4.87</b>	<b>6.08</b>
<b>NOTE 4</b>			
<b>(ii) Other financial assets - Non Current:</b>			
a. Security deposits recoverable (Telephone, TSSPDCL & Other Deposits)	745.32	747.73	637.53
b. Fixed deposits with Banks	32.85	32.85	32.85
<b>Total</b>	<b>778.17</b>	<b>780.58</b>	<b>670.38</b>
<b>NOTE 5</b>			
<b>INVENTORIES :</b>			
(As certified by the management)			
A. Raw Materials*	876.20	624.67	532.85
(Valued at lower of cost or net realizable value basis)			
B. Finished Goods (including consignment stocks)	465.87	942.21	744.14
(Valued at lower of cost or net realizable value basis)			
C. Stores & Spares	226.67	192.33	201.46
(Valued at cost on weighted average basis)			
D. Stocks-in-process	283.57	381.05	343.28
(Valued at cost)			
E. Others - 'PV & PSF Waste (at realizable value)	0.66	0.10	1.12
<b>Total</b>	<b>1,852.97</b>	<b>2,140.36</b>	<b>1,822.85</b>
<b>NOTE 6</b>			
<b>Investments - Current:</b>			
At Cost Unquoted - Non traded			
National Saving Certificate	0.01	0.01	0.01
Investment in Equity Instruments			
At Cost - Quoted -Traded			
800 Equity Shares in UCO Bank of ₹ 10/-, with Premium 2/-,each	0.17	0.29	0.31
At Cost Unquoted - Non traded			
999 Equity Shares in YP Solar P Ltd of ₹ 10/- each	0.08	0.08	0.08
<b>Total</b>	<b>0.26</b>	<b>0.38</b>	<b>0.40</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 7</b>			
<b>TRADE RECEIVABLES :</b>			
A. Unsecured, Considered Good			
a. Related Parties	-	-	-
b. Others	2,657.72	3,038.36	2,801.59
<b>Total</b>	<b>2,657.72</b>	<b>3,038.36</b>	<b>2,801.59</b>
<b>NOTE 8</b>			
Cash and Cash equivalents:			
A. Cash on Hand	4.52	5.48	9.64
B. Balances in bank a/c's			
a. Current Accounts	16.60	41.22	10.41
b. Ear marked balance with Banks - Unpaid dividends	8.21	8.28	7.05
C. With Post Office Savings Bank	0.01	0.01	0.01
<b>Total</b>	<b>29.34</b>	<b>54.99</b>	<b>27.11</b>
*Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.			
<b>NOTE 9</b>			
<b>Other financial assets - Current:</b>			
a. Advances to Staff & Workers	9.89	12.99	10.37
d. Misc Income Receivable	-	31.12	0.07
c. Interest receivable	52.40	48.82	49.40
<b>Total</b>	<b>62.29</b>	<b>92.93</b>	<b>59.84</b>
<b>NOTE 10</b>			
<b>Other Current Assets:</b>			
a. Advances for Capital Works	79.07	492.76	338.96
b. Advances for Suppliers & Expenses	65.36	260.48	258.06
c. Prepaid Expenses	23.66	24.38	33.43
d. Terminal Excise Duty Receivable	-	12.80	19.63
e. Export Benefit entitlement Receivable	74.02	81.66	100.99
f. Cenvat/GST benefit entitlement	350.53	15.47	15.47
g. Tax Deducted at Source	14.96	23.96	22.61
h. TUF Rebate receivable from Banks	189.41	191.10	351.06
i. State Incentive Receivables	567.95	727.50	1,036.67
j. GST Refund Receivable	152.35	-	-
<b>Total</b>	<b>1,517.31</b>	<b>1,830.11</b>	<b>2,176.88</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 11</b>			
<b>Equity Share Capital:</b>			
<b>A. Authorised Share Capital:</b>			
(i) 90,00,000 Equity Shares of ₹ 10/- each	900.00	900.00	500.00
(ii) 8,00,000 preference share of ₹ 100/- each	800.00	800.00	1,200.00
	<b>1,700.00</b>	<b>1,700.00</b>	<b>1,700.00</b>
<b>B. Issued Share Capital:</b>			
(i) 42,67,000 Equity shares of ₹ 10/- each	426.70	426.70	426.70
(ii) 1,50,000 7% Cumulative Redeemable Pref shares of ₹ 100 each	150.00	150.00	150.00
(iii) 3,85,000 8% Cumulative Redeemable Pref shares of ₹ 100 each	385.00	385.00	385.00
	<b>961.70</b>	<b>961.70</b>	<b>961.70</b>

**C. Reconciliation of the shares issued and outstanding at the beginning and at the end of every year:**

Particulars	In no. of Shares	In value of Shares
(A) Equity Share Capital		
At the Beginning and at the end of the period	4,267,000	426.70
(B) Preference Share Capital		
(i) 7% Cumulative Redeemable Preference Shares At the Beginning and at the end of the period	150,000	150.00
(ii) 8% Cumulative Redeemable Preference Shares At the Beginning and at the end of the period	385,000	385.00

**D. Subscribed and paid up capital:**

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) 42,67,000 Equity shares of ₹ 10/- each	426.70	426.70	426.70
	<b>426.70</b>	<b>426.70</b>	<b>426.70</b>

**E. Details of Shareholders holding more than 5% shares in the company:**
**(A) Equity Shares:**

a. Vithaldas Agarwal In no's	818,844	818,844	818,844.00
- In %	19.19%	19.19%	19.19%
b. Mahender Kumar Agarwal In no's	1,247,133	1,247,133	1,247,133.00
- In %	29.23%	29.23%	29.23%
c. Madhavi Agarwal In no's	745,291	664,161	664,161.00
- In %	17.47%	15.57%	15.57%

**F. Rights, preferences and restrictions attached to the ordinary Shares**

The Company has only one class of equity shares having at par value of Re .10/- 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 12</b>			
<b>OTHER EQUITY</b>			
<b>RESERVES AND SURPLUS :</b>			
<b>A. Securities Premium</b>			
At the commencement of the year	1,288.20	1,288.20	1,288.20
<b>Closing Balance</b>	<b>1,288.20</b>	<b>1,288.20</b>	<b>1,288.20</b>
<b>B. Capital Redemption Reserve</b>			
At the commencement of the year	1,057.36	1,057.36	1,057.36
<b>Closing Balance</b>	<b>1,057.36</b>	<b>1,057.36</b>	<b>1,057.36</b>
<b>C. Preference Capital Redemption Reserve</b>			
At the commencement of the year	535.00	535.00	150.00
Add: Transfer from Reserves & Surplus	-	-	385.00
<b>Closing Balance</b>	<b>535.00</b>	<b>535.00</b>	<b>535.00</b>
<b>D. General Reserve</b>			
At the commencement of the year	5,110.00	4,110.00	3,610.00
Add: Transfer from Surplus	800.00	1,000.00	500.00
<b>Closing Balance</b>	<b>5,910.00</b>	<b>5,110.00</b>	<b>4,110.00</b>
<b>E. Surplus in Statement of Profit and Loss</b>			
At the beginning of the period	921.89	1,051.42	1,033.40
(+) For the current year	788.70	882.65	960.59
(-) Dividend on Equity Shares	18.97	25.29	-
(-) Corporate Dividend Tax	3.86	5.15	5.15
(-) Transfer to General Reserve	800.00	1,000.00	500.00
(-) Transfer to preference share redemption reserve	-	-	385.00
Towards other comprehensive income	(15.16)	3.16	(65.09)
Equity portion of preference shares	29.27	29.27	29.27
At the end of the period	901.87	936.06	1,068.02
<b>Total</b>	<b>9,692.43</b>	<b>8,926.62</b>	<b>8,058.58</b>

**Measurement of OCI**

The OCI represents the re-measurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The re-measurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to profit or loss

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 13</b>			
<b>Borrowings - Non Current:</b>			
<b>A. Preference shares-unsecured</b>			
7 % Cumulative Redeemable Preference shares of ₹ 100 each	139.12	136.11	133.40
8% Cumulative Redeemable Preference shares of ₹ 100 each	385.00	385.00	385.00
<b>Total</b>	<b>524.12</b>	<b>521.11</b>	<b>518.40</b>
<b>B. Term loans-Secured</b>			
Term loan form a Bank( Under TUF)			
<b>1. Industrial Development Bank of India</b>			
(i) Term Loan - URKD (TFO)	152.17	277.97	403.54
less: Current maturities	126.16	126.16	126.16
<b>Sub total</b>	<b>26.01</b>	<b>151.81</b>	<b>277.38</b>
(ii) Term Loan - URKD (Expn-2)	300.00	898.79	1,496.38
less: Current maturities	300.00	600.00	600.00
<b>Sub total</b>	<b>-</b>	<b>298.79</b>	<b>896.38</b>
(iii) WC TL - URKD (Expn-2) - Non TUF	25.00	124.77	224.13
less: Current maturities	25.00	100.00	100.00
<b>Sub total</b>	<b>-</b>	<b>24.77</b>	<b>124.13</b>
(iv) Term Loan - URKD	647.02	844.94	992.34
less: Current maturities	200.00	200.00	150.00
<b>Sub total</b>	<b>447.02</b>	<b>644.94</b>	<b>842.34</b>
<b>2. State Bank of India</b>			
(i) Term Loan - URKD (Expn-1)	-	53.28	123.83
less: Current maturities	-	53.28	70.96
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>52.87</b>
(ii) Term Loan - URKD (Expn-2)	59.91	299.03	537.11
less: Current maturities	59.91	240.00	240.00
<b>Sub total</b>	<b>-</b>	<b>59.03</b>	<b>297.11</b>
(iii) FCNB(C&I)\$ TL-SBI-1000L - Non TUF	394.40	540.35	800.41
less: Current maturities	200.00	200.00	200.00
<b>Sub total</b>	<b>194.40</b>	<b>340.35</b>	<b>600.41</b>
<b>3. The South Indian Bank</b>			
(i) Term Loan - URKD	290.56	-	-
less: Current maturities	120.00	-	-
<b>Sub total</b>	<b>170.56</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>837.99</b>	<b>1,519.69</b>	<b>3,090.62</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>Details of security for Term loans</b>			
Loans referred in (a) (b) and (c) 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.			
<b>Terms of Repayment:</b>			
Particulars	Sanction Date	Rate of Interest	Quarterly Installments
<b>1) Industrial Development Bank of India</b>			
a) Term Loan - URKD (TFO)	10.03.2010	13.10%	5
b) Term Loan - URKD (Expn-2)	24.08.2011	11.50%	2
c) WC TL - URKD (Expn-2)	03.01.2013	11.50%	1
d) Term Loan - URKD	04.08.2014	12.50%	13
<b>2) State Bank of India</b>			
a) Term Loan - URKD (Expn-2)	24.08.2011	10.50%	1
b) FCNB(C&I)\$ TL-SBI-1000L	27.11.2014	5.85%	8
<b>3) Short Term Loan SIB-360L</b>			
	15.07.2017	11.65%	12
<b>C. Other loans and advances</b>			
Vehicles Hire Purchase Loans	18.62	26.23	10.11
<b>Total</b>	<b>18.62</b>	<b>26.23</b>	<b>10.11</b>
<b>NOTE:</b> Vehicle loans above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company.			
<b>D. Unsecured loans</b>			
Inter-Corporate Deposits	5.11	5.11	5.11
<b>Total</b>	<b>5.11</b>	<b>5.11</b>	<b>5.11</b>
<b>E. Deferred Sales Tax Liability</b>			
	970.34	1,057.22	1,148.07
<b>Total</b>	<b>970.34</b>	<b>1,057.22</b>	<b>1,148.07</b>
<b>GRAND TOTAL (A+B+C+D+E)</b>	<b>2,356.18</b>	<b>3,129.36</b>	<b>4,772.31</b>

The Sales tax loans ( deferment) liability amounting to ₹ 970.34 Lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount (in ₹ Lakhs)	Repayment of Year
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
<b>Total</b>	<b>970.34</b>	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>NOTE 14</b>			
<b>Borrowings repayable on demand-Current:</b>			
<b>a) Secured</b>			
<b>Loans repayable on demand from banks*</b>			
<b>(i) State Bank of India</b>			
Cash Credit	3,071.78	2,573.51	1,918.66
SLC Against export gold card scheme	-	-	47.75
Export Packing Credit	-	380.33	223.54
<b>(ii) IDBI Bank Ltd</b>			
Cash Credit	348.06	571.47	323.23
<b>Sub Total</b>	<b>3,419.84</b>	<b>3,525.31</b>	<b>2,513.18</b>
* 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 moveable 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>b. Unsecured</b>			
i) Loans from Directors	438.01	345.51	300.00
<b>Sub Total</b>	<b>438.01</b>	<b>345.51</b>	<b>300.00</b>
<b>TOTAL (a+b)</b>	<b>3,857.85</b>	<b>3,870.82</b>	<b>2,813.18</b>
<b>NOTE 15</b>			
<b>Trade Payables - Current:</b>			
Micro and small enterprises (Refer Note No.39)	157.79	137.20	173.75
<b>Other than micro and small enterprises</b>			
a. Others	245.75	190.64	182.84
<b>TOTAL</b>	<b>403.54</b>	<b>327.84</b>	<b>356.59</b>
<b>NOTE 16</b>			
<b>Other Financial Liabilities - Current:</b>			
<b>A. Current maturities of long-term debt-</b>			
<b>Term Loans under TUFs from Banks</b>			
<b>1) Industrial Development Bank of India</b>			
a. Term Loan - URKD (TFO)	126.16	126.16	126.16
b. Term Loan - URKD (Expn - 2)	300.00	600.00	600.00
c. WCTL Loan - URKD (Expn-2) Non - TUF	25.00	100.00	100.00
d. Rupee Term Loan - URKD	200.00	200.00	150.00
<b>2) State Bank of India</b>			
e. Term Loan - URKD (Expn-1)	-	53.28	70.96
f. Term Loan - URKD (Expn - 2)	59.91	240.00	240.00
g. FCNB(C&I)\$ TL-SBI-1000L - Non TUF	200.00	200.00	200.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>3) The South Indian Bank</b>			
h. Term Loan - URKD (Expn - 2) - Non TUF	120.00	-	-
Vehicles Hire Purchase Loans	7.60	17.01	20.81
Sales tax Loans (Deferment)	86.88	90.85	111.47
<b>Sub Total</b>	<b>1,125.54</b>	<b>1,627.30</b>	<b>1,619.40</b>
B. Interest Accrued	20.05	34.33	52.95
C. Dues to Others	611.46	687.51	920.59
D. Unpaid Dividends	8.21	8.28	7.05
E. Creditors for Capital purchases	69.15	46.14	27.82
F. Creditors for Other expenses	32.25	57.70	60.43
<b>Total (A+B+C+D+E+F)</b>	<b>1,866.66</b>	<b>2,461.26</b>	<b>2,688.24</b>
<b>NOTE 17</b>			
<b>Other Current Liabilities:</b>			
A. Advance from customers	64.59	163.60	87.97
B. Interest accrued on preference shares	41.30	41.30	38.18
<b>Total</b>	<b>105.89</b>	<b>204.90</b>	<b>126.15</b>
<b>NOTE 18</b>			
<b>Provisions - Current:</b>			
<b>A. Provision for employee benefits</b>			
a. Provision for gratuity (Refer Note No 37)	49.98	69.51	62.83
b. Salary & reimbursements	164.18	153.11	167.31
c. Contribution to PF & ESI	16.66	16.82	15.17
d. Bonus payable	70.80	70.64	63.94
e. Leave encashment	38.87	36.45	36.16
<b>B. Others (Specify Nature)</b>			
CDT accrued on interest on preference shares	8.41	8.41	4.59
Provisions for Income Tax (net)	225.22	328.78	218.57
<b>Total</b>	<b>574.12</b>	<b>683.72</b>	<b>568.57</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
<b>NOTE 19</b>		
<b>Revenue from Operations:</b>		
<b>A. Sale of Products</b>		
Yarn	36,028.93	34,598.31
Waste / Scrap	49.53	54.32
Total Sales :	36,078.46	34,652.63
Less : GST	2,921.51	-
<b>Total</b>	<b>33,156.95</b>	<b>34,652.63</b>
<b>NOTE 20</b>		
<b>Other Income:</b>		
<b>A. Interest Income on</b>		
a. Deposits with banks and TSSPDCL	51.06	48.84
b. Notional Interest on Employee loans	0.33	0.77
<b>B. Other Non-operating Income (Net of Expenses)</b>		
a. Export Benefit entitlements	192.42	404.31
b. Fair value Gain/(Loss) on Investments	(0.12)	(0.02)
c. Net gain/loss on foreign currency transactions & translation	11.20	13.31
d. Miscellaneous Income	0.09	0.63
e. Prior Period Income	-	1.59
<b>Total</b>	<b>254.98</b>	<b>469.43</b>
<b>NOTE 21</b>		
<b>Cost of Materials Consumed</b>		
Opening Stock	624.68	532.85
Add: Purchases	21,948.97	23,694.62
	22,573.65	24,227.47
Less : Value of Raw materials sold	2.78	-
Less: Closing Stock	876.20	624.68
<b>Total</b>	<b>21,694.67</b>	<b>23,602.79</b>
<b>NOTE 22</b>		
<b>Changes in inventories of Finished Goods, and work-in-process</b>		
a. Inventory at the beginning of the period	1,323.36	1,088.54
b. Inventory at the end of the period	750.11	1,323.36
<b>Total</b>	<b>573.25</b>	<b>(234.82)</b>
<b>NOTE 23</b>		
<b>Employee Benefits Expense:</b>		
a. Salaries, Wages and Bonus	1,995.51	1,924.56
b. Contribution to Provident Fund	138.81	140.88
c. Staff welfare expenses	87.85	107.03
d. Gratuity	79.70	93.92
e. Contribution to Employee State Insurance and EDLI	70.41	73.77
<b>Total</b>	<b>2,372.28</b>	<b>2,340.16</b>
<b>NOTE 24</b>		
<b>Finance Costs</b>		
a. Interest on term loans	223.09	299.70
b. Interest on others	398.03	393.88
c. Interest on Preference Shares	52.72	52.41
d. Bank charges	36.54	46.30
<b>Total</b>	<b>710.38</b>	<b>792.29</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** (All amounts in ₹ Lakhs)

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
<b>NOTE 25</b>		
<b>Depreciation and amortization expense:</b>		
a. Depreciation on Property ,Plant and Equipment	762.03	807.61
b. Amortization of Intangible Assets	2.70	1.71
<b>Total</b>	<b>764.73</b>	<b>809.32</b>
<b>NOTE 26</b>		
<b>Other expenses:</b>		
a. Stores consumed:		
Stores and Spares	406.93	474.27
Packing Material	398.52	436.62
b. Power and Fuel		
Electricity charges	3,379.45	3,092.16
c. Repairs to :		
Buildings	29.37	17.48
Machinery	387.32	342.11
Others	4.12	12.03
d. Sales Expenses :		
Sales Tax	171.18	591.35
Commission on Sales	76.46	88.47
Freight & Others - Domestic Sales	544.24	602.46
Freight & Others - Export Sales	136.53	145.90
e. Payments to Auditors		
As Auditors	1.25	1.15
for Tax Audit	0.25	0.29
for Certification	0.75	0.72
for Cost Auditors	0.30	0.25
f. Rates and Taxes	21.51	24.07
g. Printing and Stationery	10.07	11.44
h. Postage, Telegrams and Telephones	9.89	12.68
i. Travelling, Conveyance and Vehicle expenses	84.32	70.29
j. Insurance	22.85	26.65
k. Managerial Remuneration	96.70	176.93
l. Directors sitting fees	1.40	1.19
m. Professional charges	21.24	28.99
n. Office Maintenance	152.08	155.19
o. Miscellaneous expenses	56.04	62.35
p. Corporate Social Responsibility (Refer Note No.35)	33.45	32.52
q. Loss on sale of assets (Net)	7.80	1.69
r. Donations	2.48	33.58
<b>Total</b>	<b>6,056.50</b>	<b>6,442.83</b>
<b>NOTE 27</b>		
<b>Other comprehensive income:</b>		
a. Actuarial Gain/(Losses) on Gratuity Expense for the period	1.68	0.44
b. Deferred Taxes on above	-0.58	-0.16
<b>Total</b>	<b>1.10</b>	<b>0.28</b>
<b>NOTE 28</b>		
<b>Earnings Per Equity Share:</b>		
a. Profit for the year (before other comprehensive (income)/expenses)	788.70	882.65
b. Weighted average number of equity shares of ₹ 10/-each	42.67	42.67
Earnings per equity share ₹ (Basic and Diluted) - (a) / (b)	<b>18.48</b>	<b>20.69</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**Note No 29**
**Reconciliation of tax expenses**
**Income tax**

(All amounts in ₹ Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Amount recognized in statement of profit &amp; loss account</b>		
Current tax	400.00	425.00
MAT Credit entitlement	-	-
Deferred tax expenses (Income) - relating to organization and reversal of temporary differences	51.42	61.84
<b>Taxes expenses for the year</b>	<b>451.42</b>	<b>486.84</b>
<b>Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	<b>1,240.12</b>	<b>1,369.49</b>
<b>Enacted tax in India - 34.608%</b>	429.18	473.95
Expenses disallowed under income tax	342.46	353.54
Exempt income and other deductions	(375.05)	(404.54)
Other	54.83	63.89
	<b>451.42</b>	<b>486.84</b>
<b>Effective tax rate</b>	<b>36.40%</b>	<b>35.55%</b>

**Deferred tax liabilities (net)**

(All amounts in ₹ Lakhs)

Particulars	As at		
	March 31, 2018	March 31, 2017	March 31, 2016
Property, Plant and Equipment	1,738.24	1,680.48	1,620.75
Other items including employee benefits, Fair value	17.29	23.63	21.36
<b>Total</b>	<b>1,755.53</b>	<b>1,704.11</b>	<b>1,642.11</b>

**Movement in deferred tax liabilities**

Particulars	Property, Plant and Equipment	Other Items	Total
<b>As at March 31, 2016</b>	<b>1,620.75</b>	<b>21.36</b>	<b>1,642.11</b>
Charged / (Credited)			
to Profit or loss (including OCI)	59.73	2.27	62.00
<b>As at March 31, 2017</b>	<b>1,680.48</b>	<b>23.63</b>	<b>1,704.11</b>
Charged / (Credited)			
to Profit or loss (including OCI)	57.76	(6.34)	51.42
<b>As at March 31, 2018</b>	<b>1,738.24</b>	<b>17.29</b>	<b>1,755.53</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018****NOTE 30****First time adoption of Ind AS**

These financial statements for the year ended 31<sup>st</sup> March 2018 are the company's first annual Ind AS complied financial statements. For all period up to and including the year ended 31<sup>st</sup> March 2017, the company prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has effected the Company's Balance Sheet, financial performance and Cash flows given as under

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below

**1. Mandatory Exceptions from retrospective application Estimates****a. Estimates**

The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017

- i. Fair values of financial assets & financial Liabilities.
- ii. Impairment of financial assets based on expected credit loss modal.
- iii. Discount rates

**b. Classification and measurement of financial asset:**

The classification of financial assets to be measured at amortized cost or fair value through Profit and loss or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

**c. Government Loans**

The requirements of Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance and Ind AS 109 - Financial Instruments in respect of interest free loans from government authorities is opted to be applied prospectively to government loans existing at the date of transition to Ind AS. Consequently, the carrying amount of such interest free loans as per the financial statements of the Company prepared under Previous GAAP is continued as carrying amount in the opening Ind AS Balance Sheet.

**2. Optional Exemptions from retrospective application**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemption:

**a. Deemed Cost**

The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.

**Transition to Ind AS - Reconciliations**

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**Reconciliation between previous GAAP and Ind AS (as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016)**

(All amounts in ₹ Lakhs)

Particulars	As at 31 <sup>st</sup> March 2017			As at 1 <sup>st</sup> April 2016		
	Previous GAAP *	Effects of transition to Ind AS	Ind AS	Previous GAAP*	Effects of transition to Ind AS	Ind AS
<b>I. ASSETS</b>						
<b>1. Non-current assets</b>						
(a) Property, Plant and Equipment	13,203.60	(50.01)	13,153.59	13,426.05	(52.47)	13,373.58
(b) Capital work-in-progress	630.66	-	630.66	513.72	-	513.72
(c) Intangible Assets	8.50	-	8.50	-	-	-
(d) Financial Assets						
(i) loans	5.24	(0.37)	4.87	6.88	(0.80)	6.08
(ii) Other financial assets	780.58	-	780.58	670.38	-	670.38
<b>Total Non-current assets</b>	<b>14,628.58</b>	<b>(50.38)</b>	<b>14,578.20</b>	<b>14,617.03</b>	<b>(53.27)</b>	<b>14,563.76</b>
<b>2. Current assets</b>						
(a) Inventories	2,140.36	-	2,140.36	1,822.85	-	1,822.85
(b) Financial Assets						
(i) Investments	0.21	0.17	0.38	0.20	0.20	0.40
(ii) Trade receivables	3,038.36	-	3,038.36	2,801.59	-	2,801.59
(iii) Cash and cash equivalents	54.99	-	54.99	27.12	-	27.12
(iv) Others financial assets	92.93	-	92.93	59.84	-	59.84
(c) Other current assets	1,830.11	-	1,830.11	2,176.87	-	2,176.87
<b>Total Current assets</b>	<b>7,156.96</b>	<b>0.17</b>	<b>7,157.13</b>	<b>6,888.47</b>	<b>0.20</b>	<b>6,888.67</b>
<b>TOTAL ASSETS</b>	<b>21,785.54</b>	<b>(50.21)</b>	<b>21,735.33</b>	<b>21,505.50</b>	<b>(53.07)</b>	<b>21,452.43</b>
<b>II. EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's funds</b>						
(a) Equity Share capital	426.70	-	426.70	426.70	-	426.70
(b) Other Equity	9,000.88	(74.26)	8,926.62	8,056.98	1.60	8,058.58
<b>Total Equity</b>	<b>9,427.58</b>	<b>(74.26)</b>	<b>9,353.32</b>	<b>8,483.68</b>	<b>1.60</b>	<b>8,485.28</b>
<b>2. Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	3,155.02	(25.66)	3,129.36	4,812.17	(39.86)	4,772.31
(b) Deferred tax liabilities (Net)	1,704.11	-	1,704.11	1,642.11	-	1,642.11
<b>Total Non-current liabilities</b>	<b>4,859.13</b>	<b>(25.66)</b>	<b>4,833.47</b>	<b>6,454.28</b>	<b>(39.86)</b>	<b>6,414.42</b>
<b>3. Current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	3,870.82	-	3,870.82	2,813.18	-	2,813.18
(ii) Trade payables						
Micro and small enterprises	137.20	-	137.20	173.75	-	173.75
Creditors other than micro and small enterprises	190.64	-	190.64	182.84	-	182.84
(iii) Other financial liabilities	2,461.26	-	2,461.26	2,688.24	-	2,688.24
(b) Other current liabilities	163.60	41.30	204.90	87.98	38.17	126.15
(c) Provisions	675.31	8.41	683.72	621.55	(52.98)	568.57
<b>Total Current liabilities</b>	<b>7,498.83</b>	<b>49.71</b>	<b>7,548.54</b>	<b>6,567.54</b>	<b>(14.81)</b>	<b>6,552.73</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,785.54</b>	<b>(50.21)</b>	<b>21,735.33</b>	<b>21,505.50</b>	<b>(53.07)</b>	<b>21,452.43</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**Reconciliation of Statement of Profit and loss for the year ended 31st March, 2017**

(All amounts in ₹ Lakhs)

S. No	Particulars	I GAAP	Effects of transition to Ind AS	Ind AS
I.	Revenue from operations	34,652.63	-	34,652.63
II.	Other Income	468.68	0.75	469.43
<b>III.</b>	<b>Total Income (I + II)</b>	<b>35,121.31</b>	<b>0.75</b>	<b>35,122.06</b>
<b>IV.</b>	<b>EXPENSES</b>			
	Cost of Raw material Consumed	23,602.79	-	23,602.79
	Changes in inventories of finished goods, and work in Process	(234.82)	-	(234.82)
	Employee benefits expense	2,339.38	0.78	2,340.16
	Finance costs	728.37	63.92	792.29
	Depreciation and amortization expense	811.77	(2.45)	809.32
	Other expenses	6,442.83	-	6,442.83
	<b>Total expenses (IV)</b>	<b>33,690.32</b>	<b>62.25</b>	<b>33,752.57</b>
<b>V.</b>	<b>Profit before tax</b>	<b>1,430.99</b>	<b>(61.50)</b>	<b>1,369.49</b>
<b>VI.</b>	<b>Tax expense:</b>			
a.	Current Tax	425.00	-	425.00
b.	Deferred Tax	62.00	(0.15)	61.85
	<b>Total Tax Expenses (VI)</b>	<b>487.00</b>	<b>(0.15)</b>	<b>486.85</b>
<b>VII.</b>	<b>Profit for the period (VII - VIII)</b>	<b>943.99</b>	<b>(61.35)</b>	<b>882.64</b>
<b>VIII.</b>	<b>Other Comprehensive income</b>			
i.	Items that will not be reclassified subsequently to profit or loss		0.44	0.44
ii.	Income tax relating to items that will not be reclassified to profit or loss		(0.15)	(0.15)
	<b>Total Other Comprehensive Income for the period (VIII)</b>	<b>0.00</b>	<b>0.29</b>	<b>0.29</b>
<b>IX.</b>	<b>Total Comprehensive Income for The Period (VII + VIII)</b>	<b>943.99</b>	<b>(61.06)</b>	<b>882.93</b>
<b>X.</b>	Earnings per equity share from Continuing operations:			
	Basic and Diluted	22.12	(1.43)	20.69

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018****Notes to reconciliation of balance sheet and Profit as previously reported under IGAAP to Ind-AS****i. Property, Plant & Equipment, Non-current Asset**

Under the previous GAAP the transactions costs relating to origination of term loans raised specifically for acquisition of items of Property, Plant & Equipment were capitalized. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the proceeds of borrowings on initial recognition. These costs are treated as part of the interest expense by applying the effective interest method. Hence upfront fees capitalized under Previous GAAP is reversed and reduced from term loan

**ii. Other Financial Assets****Loans to employees**

Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as Employee cost in Retained earnings. And Notional Interest income on employee loan of ₹ 0.33 Lakhs for the year ended 31st March 2017

**iii. Current Investment**

At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognized in retained earnings. Fair value changes are recognized in the Statement of Profit and Loss for the year ended 31st March, 2018.

**iv. Other Equity**

Adjustments to retained earnings have been made in accordance with Ind-AS for the mentioned line items.

**v. Non-current Borrowings****Preference Shares**

Under Previous GAAP, Preference share capital is treated as part of Share Capital and dividend on redeemable preference shares were adjusted to Reserves when the dividend is declared and paid. As per Ind AS, cumulative redeemable preference shares meet the definition of financial liability. Hence it is reclassified as financial liability (borrowings) classified as subsequently measured at amortized cost. Consequently, it is to be measured at fair value and the difference between transaction value and fair value is to be credited to Other Equity. Interest(Dividend) is to be charged to the statement of Profit and Loss using Effective Interest Rate .

**vi. Re-measurement of Defined Benefit Plans**

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

**vii. Deferred tax**

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases.

**viii. Provisions**

Under Previous GAAP, proposed dividends and related the dividend distribution taxes are recognized as a provision in the year to which they relate, irrespective of when they are declared. Under Ind-AS, dividends and related dividend distribution tax are recognized as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

**ix. Other Income**

- a. Under Ind AS, the Investment is classified at Fair Value through Profit & Loss (FVPL). The adjustment reflect amount of change in value of investment measured at FVTPL.
- b. As stated earlier on, Loans to employees are measured at amortized cost, Notional interest on such loans is included under Other Income.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**x. Employee benefit expenses**

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the Statement of Profit and Loss. Under Ind AS, measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

**Note No 31**
**Fair Value Measurement Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3 as described below.

**Level 1 – Quoted prices in an active market:**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period

**Level 2 – Valuation techniques with observable inputs:**

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

**Level 3 – Valuation techniques with significant unobservable inputs:**

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

The following table provide the fair value measurement hierarchy of the company's assets and liabilities

Quantitative disclosures of fair value measurement hierarchy as at March 31, 2018.

(All amounts in ₹ Lakhs)

Particulars	Fair value hierarchy (Level)	As at		
		March 31 2018	March 31 2017	April 1 2016
<b>Financial Assets measured at FVTPL</b>				
Investments	1	0.26	0.38	0.40
<b>Financial Asset measured at Amortized cost</b>				
Loans to employees	3	1.08	4.87	6.08
Security Deposits	3	745.32	747.73	637.53
<b>Financial Liabilities measured at Amortized cost</b>				
Deferred Sales tax liability	3	1057.22	1148.07	1259.54
Term loans	2	1869.06	3039.13	4577.74
Loans from related Parties	3	5.11	5.11	5.11

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**NOTE 32**
**Financial Risk Management**

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

**I. Market Risk**

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

- a. Foreign Currency Risk** - Foreign Currency Risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to impact of raw materials and spare parts, capital expenditure, borrowings and exports of yarns. The company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the company's foreign currency denominated monetary items are as follows.

(All amounts in Lakhs)

Year	SBI- FCNB TL		Receivables	
	INR	\$	INR	\$
As at March 31, 2016	807.15	12.18	79.22	1.19
As at March 31, 2017	544.07	8.35	208.23	3.21
As at March 31, 2018	395.97	6.09	257.92	3.97

The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant as at 31<sup>st</sup> March, 2018.

Sensitivity Analysis		(All amounts in ₹ Lakhs)	
Sensitivity analysis of 5% Change rate at the ending of the reporting period net of hedges.			
Particulars	SBI- FCNB TL		Receivables
	31.03.18		31.03.18
<b>USD Sensitivity</b>			
Increase by 5% (loss)	(19.80)		-
Decrease by 5% gain	19.80		-
Increase by 5% gain	-		12.90
Decrease by 5% (loss)	-		(12.90)

- b. Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's short term borrowing. The Company constantly monitors the credit markets and re-balances its financing strategies to achieve an optimal maturity profile and financing cost. Since all the borrowings are on floating rate, no significance risk of change in interest rate.
- c. Commodity Risk** – Commodity price risk arises due to fluctuation in raw material (fiber prices) linked to various external factors, which can affect the production cost of the Company. The Company actively manages inventory and in many cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**II. Credit Risk**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

**III. Liquidity Risk**

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

**NOTE 33**

(All amounts in ₹ Lakhs)

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
<b>Forex Transactions</b>		
a. Expenditure in Foreign Currency during the year on account of		
i) Commission on Export Sales	44.62	26.89
ii) Foreign Travel (Excluding tickets purchased in India)	Nil	Nil
	<b>44.62</b>	<b>26.89</b>
b. Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	Nil	38.40
ii) Raw materials (CIF Value)	Nil	Nil
iii) Stores and Spares (CIF Value)	98.97	93.25
	<b>98.97</b>	<b>131.65</b>

**NOTE 34**
**Capital Management**

The Company's objectives when managing capital are to

- i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- ii) Maintain an optimal capital structure to reduce the cost of capital

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

**GEARING RATIO**

(All amounts in ₹ Lakhs)

Particulars	As at		
	March 31, 2018	March 31, 2017	March 31, 2016
(a) Debt obligations	6,372.33	7,755.75	8,381.38
(b) Cash and Cash Equivalents	29.34	54.99	27.11
(c) Net Debt (a) - (b)	6,342.99	7,700.76	8,354.27
(d) Total Equity	10,119.13	9,353.32	8,485.28
Net Debt to equity ratio (c) / (d)	0.63	0.82	0.98

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**Note No 35**
**Corporate Social Responsibility**

As per section 135 of the companies Act 2013, a company, has to spend 2% of its average net profits of three immediate preceding financial year as detailed below.

Particulars	(All amounts in ₹ Lakhs)
Gross amount required to be spent by the company during the year	32.03
Less : Amount spent during the year	33.45
Excess amount spent	<b>(1.42)</b>

The Company has spent the total amount of earmarked during the financial year.

**Note No 36**
**Contingent Liabilities**

(All amounts in ₹ Lakhs)

Particulars	As on 31.03.2018	As on 31.03.2017
a. Contingent Liabilities not provided for on account of :		
i) Contracts to be executed on capital projects.	1619.00	3219.00
ii) Bank Guarantee	1.90	1.90
iii) Bills discounted against LC's	Nil	371.31
iv) LC's against machinery orders	1748.00	Nil
v) Cross Subsidy on IEX power Purchases*	248.86	248.86

\* (Differential Cross subsidy on IEX power purchases - TSERC imposed cross subsidy @ Rs 1.29 per unit but the Hon'ble High court of Hyderabad, Telangana has stayed the same and limited such imposition to Rs 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 Rs 1.48 -0.30 = 1.18 may not arise)

**Note no 37**
**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 31<sup>st</sup> 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.

(All amounts in ₹ Lakhs)

Particulars	As on 31.03.2018	As on 31.03.2017
<b>i Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of the year	472.96	377.82
Interest cost	31.28	25.63
Current Service Cost	49.97	69.51
Benefits Paid	Nil	Nil
Actuarial gain / (Loss) on obligations	Nil	Nil
<b>Present value of obligations as at end of the year</b>	<b>554.21</b>	<b>472.96</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(All amounts in ₹ Lakhs)

Particulars	As on 31.03.2018	As on 31.03.2017
<b>ii Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	403.45	314.98
Expected return on plan assets	29.59	25.20
Contributions	69.51	62.83
Benefits Paid	Nil	Nil
Actuarial gain / (Loss) on Plan assets	1.69	0.44
<b>Fair value of plan assets at the end of year</b>	<b>504.24</b>	<b>403.45</b>
<b>iii. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	403.45	314.98
Actual return on plan assets	29.59	25.20
Contributions	69.51	62.83
Benefits Paid	Nil	Nil
Actuarial gain / (Loss) on Plan assets	1.69	0.44
Fair value of plan assets at the end of year	504.24	403.45
Funded status	(49.97)	(69.51)
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)		
<b>iv. Assumptions</b>		
Discount rate	7.7%	7.5%
Rate of return on assets	8%	8%
Salary Escalation	8% F5Y & 5%TA	8% F5Y & 5%TA

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
**Note No 38**
**Related party disclosures as required by the A S 18 are given under.**
**a) Transactions during the year**

(All amounts in ₹ Lakhs)

SI no	Name	Relationship	Nature of Transaction	Current Year 2017-18	Previous Year 2016-17
a)	Sri Vithaldas Agarwal Managing Director	Key Management	Remuneration	33.00	33.00
			Interest (Gross)	25.89	29.54
			Unsecured loan Repaid	Nil	Nil
			Commission	Nil	30.66
			Unsecured loan Received	32.50	40.00
b)	Sri Mahender Kumar Agarwal Joint Managing Director	Key Management	Remuneration	38.96	41.11
			Interest (Gross)	4.44	2.54
			Unsecured loan Repaid	Nil	40.00
			Commission	Nil	30.66
			Unsecured loan Received	35.00	30.00
c)	Smt. Madhavi Agarwal Executive Director	Key Management	Remuneration	24.74	26.17
			Interest (Gross)	5.33	4.42
			Unsecured loan Repaid	Nil	Nil
			Commission	Nil	15.33
			Unsecured loan Received	25.00	15.51
d)	Sri K K Sinha Director - Operations	Key Management	Remuneration	22.72	21.42
e)	Padmaja Polymers Private Limited	Common Director	Purchase of Packing Material	Nil	0.97
f)	Suryamba Spinning Mills Ltd	MD son is Director	Sale of Yarn	49.54	113.60

**b) Payables as at 31.03.2018**

(All amounts in ₹ Lakhs)

SI no	Name	Relationship	Nature of Transaction	As on 31.03.2018	As on 31.03.2017
a)	Sri Vithaldas Agarwal Managing Director	Key Management	Remuneration (net)	2.82	3.52
			Interest (net)	14.47	9.55
			Unsecured loan	302.50	270.00
			Commission	Nil	30.66
b)	Sri Mahender Kumar Agarwal Joint Managing Director	Key Management	Remuneration (net)	5.75	2.19
			Interest (net)	4.44	0.79
			Unsecured loan	65.00	30.00
			Commission	Nil	30.66
c)	Smt. Madhavi Agarwal Executive Director	Key Management	Remuneration (net)	14.88	11.31
			Interest (net)	4.80	3.98
			Unsecured loan	70.51	45.51
			Commission	Nil	15.33
d)	Sri K K Sinha Director - Operations	Key Management	Remuneration	0.78	0.59

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

**Note No 39**

**Micro, Small and Medium Enterprises**

A sum of ₹ 157.79 Lakhs is payable to Micro and small enterprises as at 31st March, 2018 (2017-137.20 lakhs ; 2016 - 173.35 lakhs). There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

**Note No 40**

**Goods and Service Tax**

Effective July 01, 2017, sales are recorded net of GST whereas earlier sales were recorded inclusive of excise duty and sales tax which formed part of expenses. Hence revenue from operations for the year ended 31st March, 2018 are not comparable with the previous year corresponding figures.

**Note No 41**

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.

Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V VENKATESWARA RAO**  
Partner  
Membership No. 219209

**DEEPESH KUMAR PIPALWA**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

**Place:** Secunderabad  
**Date :** 19th May, 2018

**K NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

## PERFORMANCE OF THE COMPANY AT GLANCE FOR 5 YEARS

(All amounts in ₹ Lakhs)

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Revenue	37,079	38,170	35,684	35,122	33,412
Profit before Depreciation & Taxes	2,239	2,785	2,267	2,179	2,005
Depreciation	893	868	811	809	765
Profit before tax	1,346	1,917	1,456	1,370	1,240
Taxes*	461	652	495	487	451
Profit after tax	885	1,265	961	883	789
Dividend (%)	15	18	20	15	15
Earning per share in ₹	22.39	28.14	21.88	20.69	18.48

### **DISCLAIMER**

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.



**35<sup>th</sup> Annual General Meeting**  
**SURYALATA SPINNING MILLS LIMITED**

**ATTENDANCE SLIP**

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**

Date	Venue	Time
<b>13<sup>th</sup> August, 2018</b>	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500016	11.00 A.M.

Name of the Shareholder	Folio / DP & 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 **35<sup>th</sup> 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.



**PROXY FORM**



**35<sup>th</sup> 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**

**[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 35<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, 13<sup>th</sup> August, 2018 at 11.00 A.M at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 and at any adjournment thereof in respect of such resolutions as are indicated below:





S.No	Resolutions	For	Against
<b>Ordinary Business</b>			
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year Ended 31 <sup>st</sup> March, 2018, 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 31 <sup>st</sup> March, 2018.		
3	To declare equity dividend of ₹ 1.50 per equity share of ₹ 10/- each to the Non-promoter shareholders of the Company for the Financial Year Ended 31 <sup>st</sup> March, 2018.		
4	To appoint a director in place of Sri Mahender Kumar Agarwal, (DIN 00012807) Joint Managing Director of the Company who retires by rotation and being eligible, offers himself for re-appointment .		
<b>Special Business</b>			
5	Ratify the Remuneration of Cost Auditor.		

Signed this..... day of..... 2018

Signature of shareholder

Signature of 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**35th 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 **35<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 13<sup>th</sup> August, 2018 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
<b>Ordinary Business:</b>				
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year Ended 31 <sup>st</sup> March, 2018, 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 31 <sup>st</sup> March, 2018.			
3	To declare equity dividend of ₹ 1.50 per equity share of ₹ 10/- each to the Non-promoter shareholders of the Company for the Financial Year Ended 31 <sup>st</sup> March, 2018.			
4	To appoint a director in place of Sri Mahender Kumar Agarwal, (DIN 00012807) Joint Managing Director of the Company who retires by rotation and being eligible, offers himself for re-appointment .			
<b>Special Business :</b>				
5	Ratify the Remuneration of Cost Auditor.			

Place:

Date :

\_\_\_\_\_  
(Signature of Shareholder)

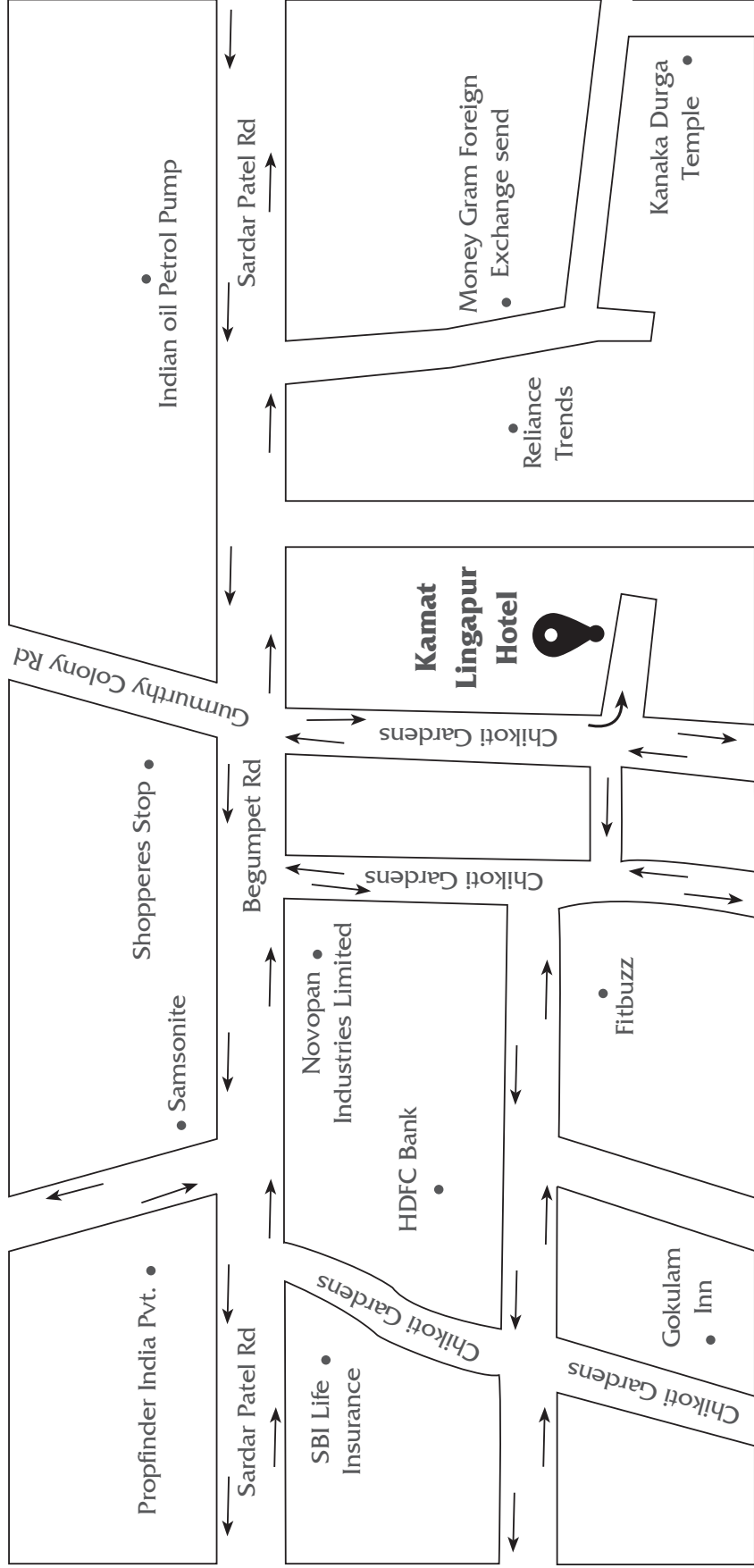
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## INSTRUCTIONS

1. M/s. VCAN & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizers 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, M/s. VCAN & Associates, Scrutinizer's, 1<sup>st</sup>Floor, Surya Towers, 105, S.P. Road, Secunderabad - 500 003, in order to reach him not later than 05.00 P.M. on August 12, 2018. 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 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. Karvy Computershare Private Limited). 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. August 03, 2018 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., August 03, 2018.
13. The remote e-voting period commences on August 08, 2018(9.00 a.m. IST) and ends on August 12, 2018(5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on August 03, 2018, 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](http://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.

# 35<sup>th</sup> Annual General Meeting - Suryalata Spinning Mills Limited

## Venue - Route Map





## SURYALATA SPINNING MILLS LIMITED

### Urukondapet Unit Glimpses

#### Unit out look



#### Solar Power Plant





**Suryalata Spinning Mills Limited**

**Regd. Office:**

Surya Towers, 1st Floor

105 S.P. Road, Secunderabad - 500 003

Telangana State

Phone No : 040 - 2777 4200

Fax : 040-2784 6859

E-mail : [cs@suryalata.com](mailto:cs@suryalata.com), [www.suryalata.com](http://www.suryalata.com)

CIN : L18100TG1983PLC003962