

From liquidity
to profitability
to sustainability



Suryalata Spinning Mills Limited

33rd Annual Report 2015-16

→ CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements about expected future events and financial and operating results of Suryalata Spinning Mills Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Suryalata Spinning Mills Limited Annual Report 2015-16.



The year 2015-16 was marked by a prolonged global weakness in the synthetic yarns sector.



Suryalata Spinning Mills Limited is proud to present an enduring performance.



Realisations continued to decline. Offtake continued to remain sluggish. Terms of trade weakened. Consumer preferences became increasingly demanding.



The company reported yet another year of robust cash flows used to moderate outstanding debt.



Emphasising the overarching point we have always made: that we are engaged in business to enhance liquidity, profitability and sustainability.

Contents

Corporate Identity **02** Ten-year Performance **03** Chairman's Overview **06** Operational Overview **08**
Business Model **10** Sustainable Growth **15** Statutory Section **20** Financial Statements **59**

I N M E M O R I A M .



PANKHURI AND YASH AGARWAL

Your life was a blessing,
your memory a treasure.

You are loved beyond words and
missed beyond measure.

Always inspired.

The Suryalata Team

Corporate Identity

→ Suryalata Spinning Mills Limited.

A niche quality business engaged in the manufacture of synthetic yarns.

Dedicated to running a profitable business with high liquidity, profitability and sustainability, enhancing capital efficiency.

For the benefit of customers, shareholders, community and world.

Background

Suryalata Spinning Mills Limited is promoted by Mr. Vithaldas Agarwal and family members, who have been in the textile business for decades. The company is stewarded by members of the promoter family (Managing Director Vithaldas Agarwal and Joint Managing Director Mahender Kumar Agarwal) and managed by a qualified team of professionals.

Facilities

The company has two manufacturing units located in Kalwakurthy and Urukondapet in Telangana. Both units are an hour from the Hyderabad International Airport. The Company possesses a capacity of 95,000 spindles producing 28 KTA (Kilotonnes per annum) of yarn.

Product mix

The company manufactures synthetic ring spun yarns for knitting, weaving and technical applications in the count range of Ne 10s to Ne 60s in single, two-ply and multi-fold varieties.

- **100% polyester spun yarn:** Ne 10s to Ne 60s in Single/ Double/ Multi fold Varieties.
- **100% viscose spun yarn:** Ne 20s to Ne 40s In Single/ Double Varieties.
- **Polyester/viscose blended yarn:** Ne 15s to Ne 45s in Single/ Double Varieties.
- **Polyester sewing thread:** Ne 16s to Ne 44s in Double/ Multi fold varieties.
- **Melange yarns count range:** Ne 10s to Ne 45s in Single/ Double Varieties.

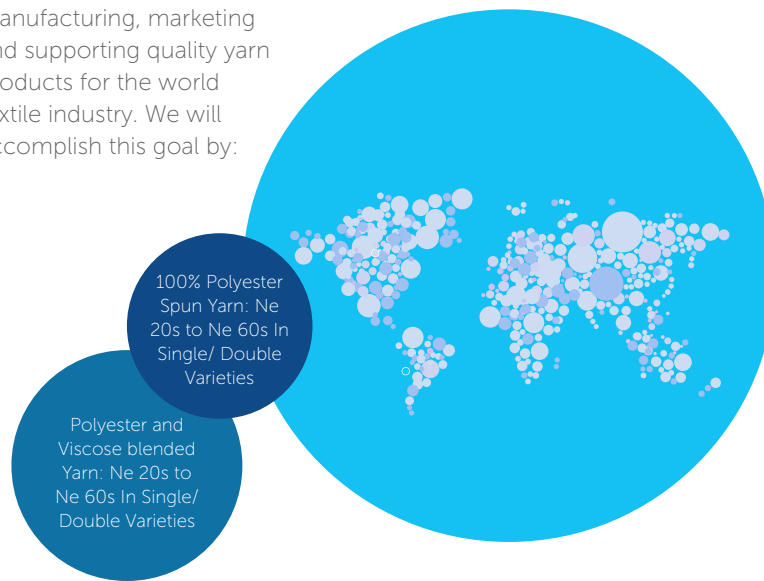
The company also produces specialised yarns like slub yarns, fancy yarns and micro yarns as per market requirements.

The Government of India awarded the company status of Star Export House for its exports presence. The company exports to Argentina, Bangladesh, Brazil, Canada, Indonesia, Iran, Italy, Korea, Mexico, Peru, Portugal, Spain, Switzerland, Taiwan, Turkey, USA and UK.

Mission statement

Suryalata Spinning Mills Limited is committed to operate a successful business by developing, manufacturing, marketing and supporting quality yarn products for the world textile industry. We will accomplish this goal by:

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



Ten-year performance at a glance

| S. No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1 | Spindle Capacities (Nos) | 70,128 | 59,328 | 59,328 | 69,408 | 71,424 | 71,424 | 89,376 | 89,376 | 89,376 | 93,264 |
| 2 | Spindle Utilisation (%) | 94.63% | 94.54% | 92.44% | 94.23% | 94.46% | 87.17% | 87.96% | 90.22% | 93.81% | 94.77% |
| 3 | Qty of Production (MTS) | 19,787 | 17,738 | 15,195 | 16,084 | 18,297 | 16,931 | 16,576 | 21,708 | 24,151 | 25,795 |
| | Qty of Purchase (MTS) | - | - | - | - | - | 11 | 122 | 450 | 658 | - |
| 4 | Stock of FG (in MTS) | 154 | 699 | 131 | 305 | 968 | 319 | 528 | 543 | 678 | 569 |
| 5 | Qty of Sales (in MTS) | 19,709 | 17,082 | 15,763 | 15,910 | 17,634 | 17,591 | 16,490 | 22,143 | 24,673 | 25,904 |
| 6 | Exports (₹ in Lakhs) | 3,881 | 8,024 | 2,394 | 6,417 | 11,193 | 12,347 | 9,821 | 12,210 | 10,567 | 3,055 |
| | Domestic (₹ in Lakhs) | 15,533 | 9,250 | 13,467 | 10,612 | 13,651 | 13,967 | 18,849 | 24,869 | 27,603 | 32,629 |
| 7 | Turn Over (₹ in lakhs) | 19,414 | 17,274 | 15,861 | 17,029 | 24,844 | 26,314 | 28,670 | 37,079 | 38,170 | 35,684 |
| 8 | AVG Sale Price (₹ Per KG) | 98.50 | 101.12 | 100.62 | 107.03 | 140.89 | 149.59 | 173.86 | 167.45 | 154.70 | 137.75 |
| 9 | AVG RM Cost (₹ Per KG) | 65.10 | 68.86 | 67.44 | 70.27 | 87.39 | 104.53 | 109.18 | 111.07 | 99.21 | 87.70 |
| 10 | EBIDT (₹ in Lakhs) | 1,938 | 1,371 | 1,453 | 1,983 | 4,376 | 1,979 | 2,865 | 3,464 | 3,855 | 3,182 |
| | (%) | 9.98 | 7.94 | 9.16 | 11.64 | 17.61 | 7.52 | 9.99 | 9.34 | 10.10 | 8.92 |
| 11 | Finance Charges | 485 | 535 | 566 | 567 | 639 | 694 | 931 | 1,225 | 1,070 | 915 |
| | (%) | 2.50 | 3.10 | 3.57 | 3.33 | 2.57 | 2.64 | 3.25 | 3.30 | 2.80 | 2.56 |
| | Interest Coverage Ratio (No of Times) | 4.00 | 2.56 | 2.57 | 3.50 | 6.85 | 2.85 | 3.08 | 2.83 | 3.60 | 3.48 |
| 12 | Depreciation | 457 | 536 | 498 | 522 | 639 | 629 | 747 | 893 | 868 | 811 |
| 13 | PBT | 996 | 300 | 389 | 894 | 3,098 | 656 | 1,187 | 1,346 | 1,917 | 1,456 |
| | (%) | 5.13 | 1.74 | 2.45 | 5.25 | 12.47 | 2.49 | 4.14 | 3.63 | 5.02 | 4.08 |
| 14 | Tax | 470 | 295 | 119 | 320 | 1,119 | 233 | 379 | 461 | 652 | 495 |
| 15 | PAT (₹ in Lakhs) | 525 | 5 | 152 | 572 | 1,979 | 423 | 808 | 885 | 1,265 | 961 |
| | (%) | 2.70 | 0.03 | 0.96 | 3.36 | 7.97 | 1.61 | 2.82 | 2.39 | 3.31 | 2.69 |
| 16 | Bank Borrowings- Term Loans (₹ in Lakhs) | 6,239 | 4,766 | 4,562 | 5,055 | 4,604 | 4,003 | 7,522 | 6,122 | 6,316 | 4,601 |
| 17 | Bank Borrowings- W.C. Loans (₹ in Lakhs) | 2,229 | 1,879 | 1,827 | 2,131 | 2,944 | 2,948 | 3,713 | 2,951 | 3,464 | 2,513 |
| 18 | LT & ST Bank Debt Equity Ratio (%) | 2.46 | 4.72 | 3.16 | 2.93 | 1.73 | 1.39 | 1.98 | 1.41 | 1.27 | 0.79 |
| 19 | Gross Block (F A) (₹ in Lakhs) | 13,534 | 10,330 | 10,603 | 12,478 | 13,823 | 14,586 | 19,432 | 19,617 | 21,063 | 21,679 |
| 20 | Capital Employed (₹ in Lakhs) | 11,854 | 8,573 | 8,819 | 9,930 | 10,566 | 10,660 | 14,625 | 13,880 | 15,231 | 14,938 |
| 21 | R.O.C.E. (%) | 12.49 | 9.74 | 10.83 | 14.71 | 35.37 | 12.66 | 14.48 | 18.52 | 19.61 | 15.87 |
| 22 | NETWORTH (₹ in Lakhs) | 3,436 | 1,408 | 2,022 | 2,454 | 4,366 | 4,991 | 5,672 | 6,429 | 7,731 | 9,019 |
| 23 | Promotor Holdings (%) | 61.10 | 61.10 | 61.29 | 61.29 | 61.29 | 65.51 | 65.51 | 65.51 | 70.36 | 70.36 |
| 24 | Dividends Payout (%) | 20 | - | - | 20 | 30 | 15 | 15 | 15 | 18 | 20 |
| 25 | Employee Strength (Nos) | 1,015 | 1,047 | 1,111 | 1,137 | 1,147 | 1,117 | 1,424 | 1,591 | 1,608 | 1,532 |


Note: a) In the year 2007 demerged the Nagpur Unit of 28080 spindle & established the Urukondapet unit with 23040 Spindles.

b) Continuous dividend payout record except in 2007-08 and 2008-09 due to demerger.



Vithaldas Agarwal, Managing Director

Before we
start by
describing
what we are,
it would be
relevant to
indicate what
we are *not*

The background of the page is a blurred photograph of a textile spinning machine. Several spools of yarn are visible, with colors ranging from green to grey. One spool in the upper left has a white label with the number '120' printed on it. The machine's components, including bobbins and guides, are partially visible, creating a sense of industrial activity.

We are not another textile company with large debt on our books.

We are a fast-growing textile company with attractive gearing instead.

We are not another textile company wanting to grow the fastest.

We are a responsible textile company intending to grow fastest to the extent permitted by its desired risk appetite instead.

We are not an integrated textile company with diversified interests.

We are a textile company focused on generating excellence within the spinning segment instead.

We are not a textile company affected by the cyclicity of the sector.

We are emerging as a relatively counter-cyclical company through proactive de-risking instead.

Chairman's overview



“We did better than the industry average in a challenging 2015-16”

The year 2015-16 represented a litmus test for our business model.

Dear Shareholders

The year was marked by extensive challenges for the synthetic textiles sector, marked by a slowdown in global demand, continuous decline in price realisations and an increase in costs. India's purchasing power was affected on account of weak successive monsoons, which, among other things, translated into a slower yarn and fabric off-take. India's infrastructure sector was affected by inadequate government investment, affecting rural employment and incomes. As China reported its weakest annual growth in more than two decades, realisations of synthetic textile products declined the world over.

In this environment, most players within our space (synthetic yarns) reported a decline in profits.

I am pleased to report that Suryalata Spinning Mills Limited reported a profitable 2015-16. Even as the company's topline was subdued on account of a decline in realisations (induced by a decline in resource costs), the company reported a 8.92% EBITDA margin, a cash profit of ₹17.72 cr and a profit after tax of ₹971 lakhs during the year under review.

The principal message that I wish to communicate to shareholders is that our moderate de-growth in the face of an industry slowdown was not unplanned; it was the result of a conscious business model that prioritised long-term sustainability over short-term adventurousness.

For the last number of years, the foundation of our business model was centred round synthetic yarns. We believe that this focus was responsible: over the last three decades, India's yarn consumption has been steadily moving away from expensive cotton to affordable synthetic alternatives. In a country marked by growing young earners, a large proportion is of the population graduating from the bottom of the economic pyramid and a growing need for every-day convenience and cost-effectiveness, the age of synthetic fibres and fabrics has indeed arrived.

At Suryalata, we see this switchover accelerating; even as only 40% of all yarn offtake in India is presently synthetic, the corresponding global figure is 60%. We foresee that over the coming years, two things will transpire: yarn consumption will increase faster than the

global average growth rate; the offtake of synthetic yarn will be even faster, making it possible for man-made fibres to carve out their rightful place in the national yarn consumption story.

The Indian textiles industry is attractively placed to respond to the opportunity. There is an overarching optimism: according to the Ministry of Textiles, the domestic textile and apparel industry in India is estimated to reach US\$ 223 bn by 2021 from US\$ 108 bn in 2015. Apparel exports from India are expected to increase to US\$ 82 bn by 2021 from US\$ 15 bn in 2014. Total cloth production in India is expected to grow to 112 bn square metres by FY17 from 64 bn square metres in FY14.

The Indian government has responded to this reality through its Textiles Policy 2016. In the policy, the government rolled out incentives with the objective to generate a \$30 billion increase in exports over three years, besides attracting investments of about ₹74,000 crore.

I am pleased to report that Suryalata Spinning Mills Limited is likely to be among select companies to capitalise on the positive transformation. The company possesses a business model that balances de-risking at one end and entrepreneurial responsiveness at the other: the company already accounts for around a tenth of the country's synthetic yarn manufacturing capacity; it has invested in capacity addition (and modernisation) every three years; this investment has been largely funded out of a judicious mix of accruals and debt; the capacity expansion has been commissioned on schedule and scaled to near-peak utilisation thereafter; the product mix addresses specific consumer needs and directed at stable customers that makes it possible to liquidate stocks with speed during sectoral downtrends and generate superior realisations during industry rebounds; the attractive cash flows are usually aggregated and reinvested incremental

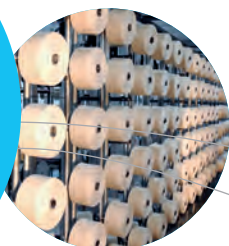
capacity (expansion and modernisation) – a virtuous cycle of liquidity, profitability and sustainability.

With opportunities growing for the synthetic yarns segment, the time has come to step out and accelerate capacity creation. In line with this priority, the company has undertaken ongoing modernisation cum expansion programme that will enhance spindles by 12,000 to an aggregate 105,000. When coupled with the ongoing modernisation of another 20,000 spindles, we are optimistic of generating attractive year-on-year growth for three years following this investment.

It is this quiet and responsible optimism that I extend to our shareholders, bankers, employees and other stakeholders, while thanking them for their support in our growth journey.

R. Surender Reddy,
Chairman

The company is investing ₹83 cr in its ongoing modernisation cum expansion programme that will enhance spindles by 12,000 to an aggregate 105,000.



Operational review

Q: Were you pleased with the working of the company in 2015-16?

A: I was pleased with the working of the company during the year under review: the company reported sustainable profits. Given the sectoral slowdown and declining crude prices, Suryalata was able to leverage its strong reputation and robust business model to report attractive financials during the last financial year.

Q: What were the reasons that translated into enduring profits?

A: It would be pertinent to indicate that value growth was muted because of a raw material-induced decline in realisations following weakening in crude oil prices. The management at our company was able to exercise operational and fiscal controls that controlled costs and other variables. The result was that our delta was largely maintained, which, given

the lower realisations, translated into an enhanced spread: EBIDTA margin strengthened from 7.52% in 2011-12 to 8.92% in 2015-16.

Q: How would you describe 'operational and fiscal controls'?

A: The synthetic textiles sector is marked by a number of variables: raw material costs, currency movements, consumer preferences and price volatility of alternative (cotton) yarns. Each one of these has a bearing on the demand and profitability of synthetic yarns.

As an efficiency-driven management, our principal focus was on maximising the effectiveness of factors within our control: equipment integrity, product mix, yarn quality, selection of markets and desired risk appetite.

Over the years, we have focused on investments in maximising efficiencies from each of the factors within our control. During the year under review, the combination of efficiency derived from each of our operating areas translated into our overall market-outperformance.



Mahender Kumar Agarwal, Joint Managing Director

Q&A

“We were able to generate 95% spindle utilisation that made it possible for us to amortise our fixed costs better in 2015-16”

Q: Can you explain the operating landscape against which this outperformance was reported?


A: The operating landscape was challenging: the country experienced sluggish demand, there was a tendency of buyers to defer purchases at a time when realisations were declining, in the hope that prices would decline further. Buyers generally demanded longer credit for purchases. I am pleased to state that the company reported better results against this operating landscape: because we focused on asset utilisation, we were able to generate 95% spindle utilisation. This made it possible for us to amortise our fixed costs better; because we continued to focus on right sizing our people deployment, we continued to report people costs as a percentage of revenues around 300 bps below the prevailing sectoral average; because we continued to focus on the fastest-moving yarns without compromising our realisations (the right balance) we were able to virtually clear our entire finished goods inventory by the close of the year under review; because we focused on liquidity (as opposed to a singular focus on profitability), we were able to repay ₹18 cr of debt during the year under review.

Q: Shareholders would be keen to know how the company intends to enhance shareholder value.

A: Considering that the company's assets were utilised at around 96% during the last financial year, the only way to enhance shareholder value would be through an increase in spindlage on the one hand and modernisation of legacy spindles on the other. In view of this, the company is engaged in the implementation of a ₹83 cr programme whereby 20,000 relatively old spindles (of the 36,000 relatively old spindles available with the company) will be modernised and 12,000 spindles will be added. The result is that net spindle accretion would enhance our capacity from 93,000 spindles to 105,000 spindles; the proportion of modern spindles (those commissioned after 2007) would increase from 60% to 85%, which we believe will translate into higher operating efficiency and enhanced product quality across the foreseeable future.

Q: What can shareholders expect from the company during the current financial year?

A: One of the things that we wish to assure shareholders is reasonable and sustainable revenue growth arising out of periodic asset investments and effective operating control. The result is that we expect to grow topline 10% on average for the next three years based on our existing capacity and the expansion currently under implementation. We believe that our sustained focus on profitable growth will enable us to generate disproportionately larger increases in our bottomline, strengthening overall shareholder value.



We expect to grow topline 10% on average for the next three years based on our existing capacity and the expansion currently under implementation.

Business model

At Suryalata, our value-creation philosophy is concised in just three words.

Less is more.

Over the years, we have strengthened our business sustainability through various priorities.

Our continuous technology upgradation and capacity expansion every three years.

Increase spindle utilisation to around 98%, reducing our breakeven

Generate the right product mix, enhancing realisations and liquidity

Improve machine productivity and moderate costs

Improve relationships with vendors, customers, employees, bankers and government

1 Building capacities, modernising assets

At Suryalata, we pride on scale combined with efficiency. We possess around a tenth of the country's synthetic yarn manufacturing capacity. Over the years, we invested in the most advanced spinning equipment (spindles and autoconers). Nearly 60% of our spindles were of the post-2007

variety as on 31st March 2016. Following our ongoing modernisation and expansion programmes, this proportion is expected to increase to 85% with corresponding gains in operating efficiency and product quality.

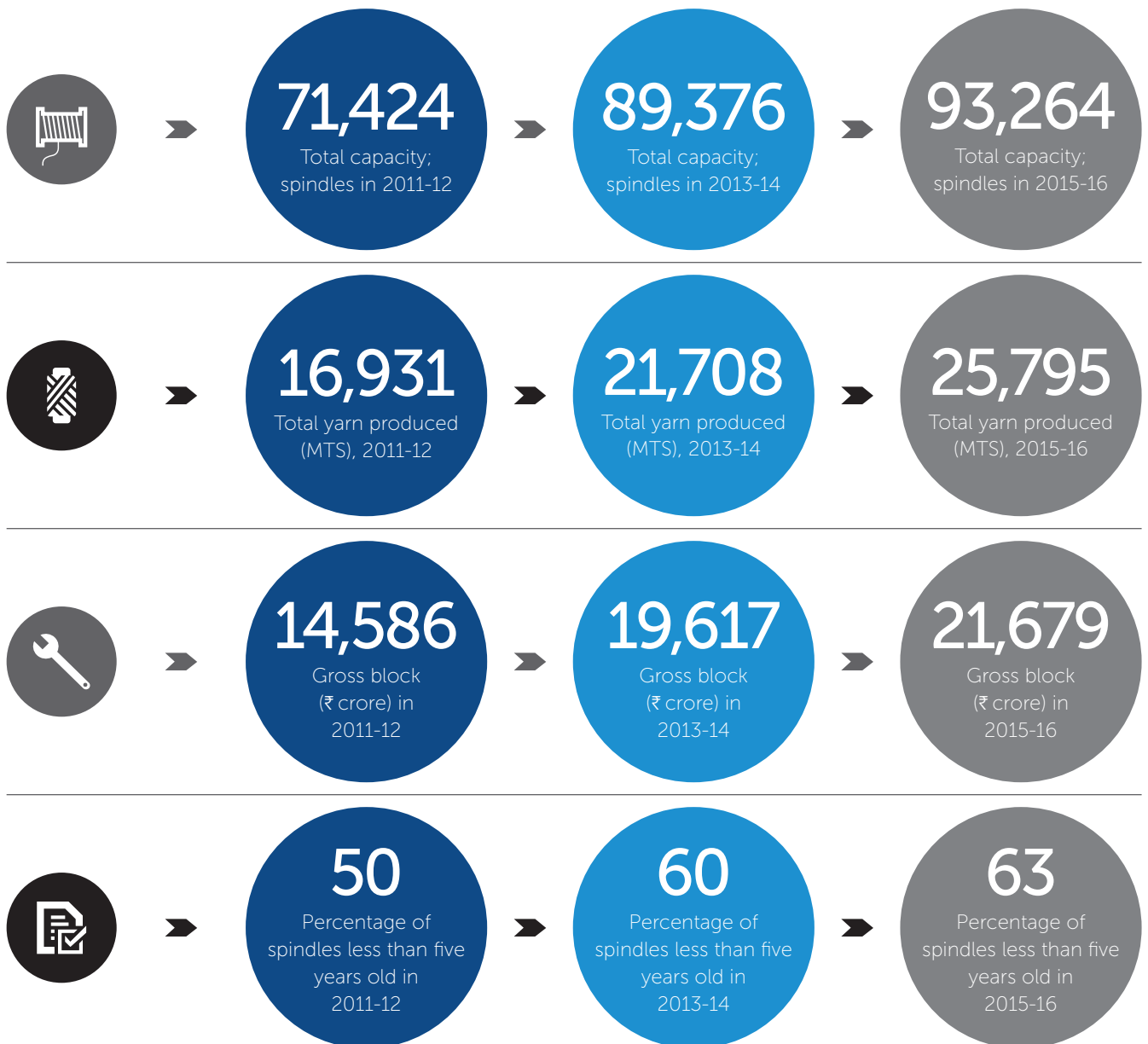
We invested in cutting-edge technologies that

enhanced efficiency (higher output from a given raw material quantity) and graduated the company to high yarn quality, an effective counter-cyclical initiative.

At Suryalata, we have followed a consistent investment programme: we have invested in good

markets and bad, we have commissioned expansion as soon as the spindles commissioned in the earlier investment round achieved near-peak utilisation.

This ongoing cycle of investment-monetisation-investment has reinforced our business sustainability.



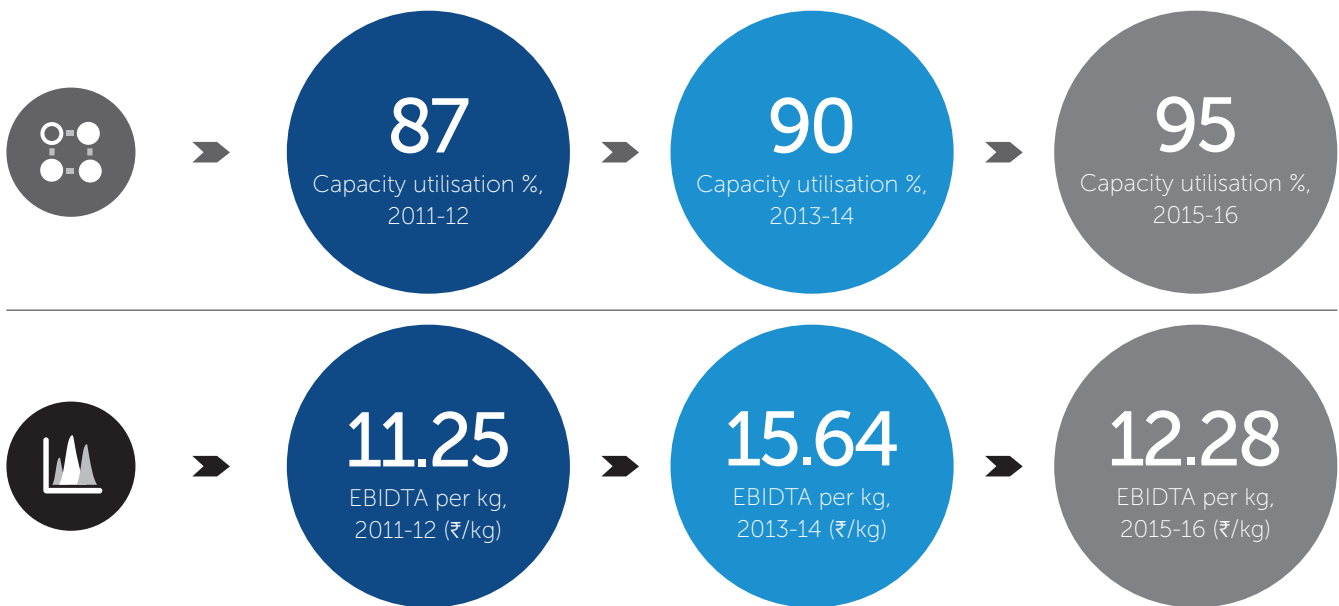
2 Our peak asset utilisation

At Suryalata, we are focused on maximising the availability of operating assets on the one hand and enhancing their utilisation on the other. This efficiency has been derived from a culture of

managerial deployment, information sharing, worker training, periodic review, investment in cutting-edge equipment and the propagation of a culture that celebrates asset efficiency.

This enhanced efficiency is reflected in the numbers: the company reported a capacity utilisation of around 95% during the year under review. This high utilisation made it possible for the company

to amortise fixed costs efficiently and generate a larger surplus for onward reinvestment – a virtuous cycle.



3 Our superior product mix

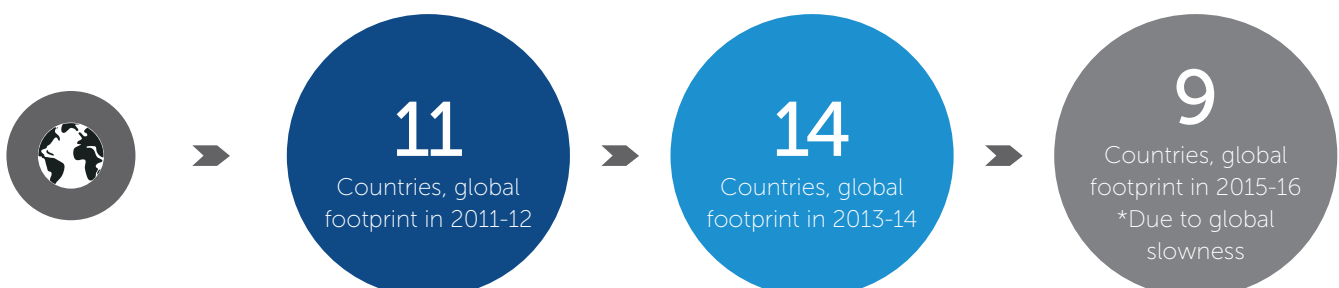
At Suryalata, we believe that what we generate out of our spindles holds the key to our liquidity, profitability and sustainability. Over the years, we have selected to manufacture a mix of

100% polyester yarn, 100% viscose and polyester-viscose blended yarn (counts 10 to 60). This product mix represents a balance of value-addition on the one hand and quick offtake on the other,

making it possible for the company to save on inventory holding costs on the one hand and leverage enduring customer relationships on the other.

Over the years, the company entered global

geographies, de-risking its business from an excessive dependence on India (or select global geographies). Exports contributed to 25% of the company's yarn revenue on average in the last three years.



4 Our Balance Sheet integrity

Suryalata has over the years combined the use of accruals and debt (low cost) to invest in additional capacities, strengthening competitiveness across market cycles in a capital-intensive sector. The company availed of most Government Incentives offered under TUF, in addition to a power subsidy of ₹0.75 per unit consumed and reimbursement of 25%

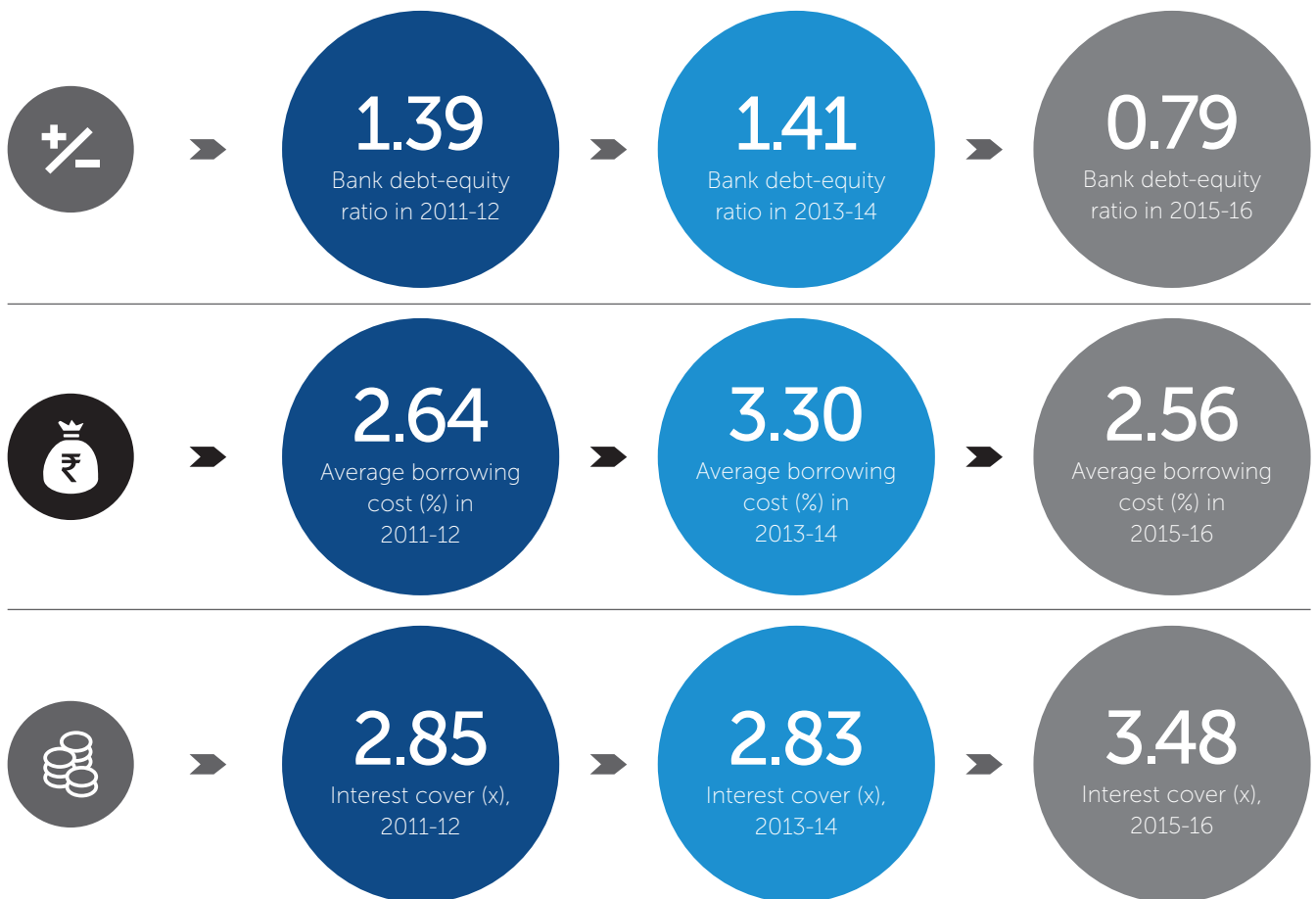
of the sales tax paid under State Industrial Incentive Policy 2010-15 for capacity expansions between 2010 and 2015.

The newly-formed Telangana state government announced T-IDEA Policy 2015-20, which comprised 4% interest subvention on bank debts for the purpose of expansion, power subsidy (₹1 per unit consumed) and

reimbursement of 75% of sales tax payable on the turnover of the expansion project.

Recently, the state government announced another power tariff reduction of ₹2 per unit to spinning mills. Given the company's consumption of 2 lakh units a day, this concession will generate incremental returns.

The company's cost of capital declined from an average 3.3% in 2013-14 to 2.55% in 2015-16. The company strengthened its terms of trade through a major proportion of purchases being cash-and-carry. The company reported a credible Current Ratio of 1.0 at the close of 2015-16.



...and how these have progressively enhanced shareholder value



This is the dashboard of the health of our business



DEFINITION

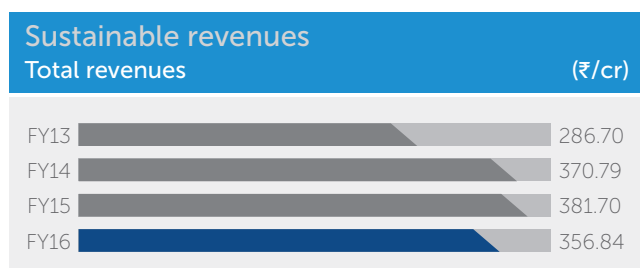
The return percentage (EBIDTA divided by total average capital employed by the company expressed as a percentage) generated from the amount deployed in the business.

WHY WE MEASURE

This measure unambiguously captures the result of all our diverse initiatives in building a stronger company, the higher the ROCE the better, making it possible to compare year-on-year competitiveness.

PERFORMANCE

Our ROCE strengthened from 14.71% in FY10 to 17.12% average in the last four years, indicating a return higher than what is available on fixed income securities in India.



DEFINITION

Revenue growth after deducting excise duties.

WHY WE MEASURE

This measure reflects the result of our capacity to understand market needs and service them with corresponding innovation and superior manufacture, cost management, dealer engagement and service – virtually the entire value chain.

PERFORMANCE

Our aggregate sales decreased 6.51% to ₹356.84 cr in FY 16, due to a global fall in crude prices inspite of a 6.8% increase in production quantity.



DEFINITION

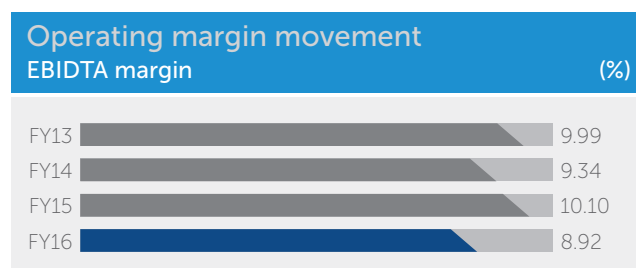
What the company earned before the deduction of interest, depreciation, extraordinary items and tax.

WHY WE MEASURE

This measure is an index of the company's operating profitability, which can be easily compared with sectoral peers.

PERFORMANCE

Other than this year under review, the company's operating profit grew every single year through the last four years. The Company reported a ₹31.82 crore EBITDA during the year under review, which was the result of timely capacity investments, cost reduction and product mix changes.



DEFINITION

The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the company's revenues.

WHY WE MEASURE

This movement essentially indicates whether the business is becoming more efficient or not. Suryalata is focused on a consistent increase in operating margins with the objective that this be higher than the sectoral average.

PERFORMANCE

The company is striving hard to improve and maintain its operating profit at around 10% through higher productivities generated from across the business.

Gearing Bank Debt-equity ratio



DEFINITION

This is derived through the ratio of long-term debt to net worth (less revaluation reserves).

WHY WE MEASURE

This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

PERFORMANCE

The company was successful in moderating its gearing year-on-year. This lower gearing implies that there is scope to borrow funds for future needs without compromising earnings potential.

Raw material intensity Raw material cost as % of total revenues (%)



DEFINITION

This is derived through the computation of raw material costs as a percentage of overall revenues.

WHY WE MEASURE

Raw material costs represent the highest cost component in the manufacture of textile products. Any moderation in material costs can enhance profitability and competitiveness.

PERFORMANCE

The company maintained its raw material intensity through a superior understanding of raw material application and engineering.

Working capital efficiency No. of times to turnover



DEFINITION

This is derived through the division of total turnover by the quantum of working capital utilised.

WHY WE MEASURE

This indicates the efficiency of working capital utilised in the business; the higher the better.

PERFORMANCE

The company has succeeded in maintaining working capital cycle in its business at 14 times of revenues, a credible achievement in the spinning industry.

Receivables management Receivables (in terms of days of turnover equivalent)



DEFINITION

This is derived through the division of turnover by the total receivables at the end of the financial year multiplied by 365.

WHY WE MEASURE

This indicates the number of days of receivables outstanding, the lower the better.

PERFORMANCE

The company succeeded in maintaining receivables at around 28 days of turnover equivalent in 2015-16, a credible achievement at a time of sectoral weakness.



DEFINITION

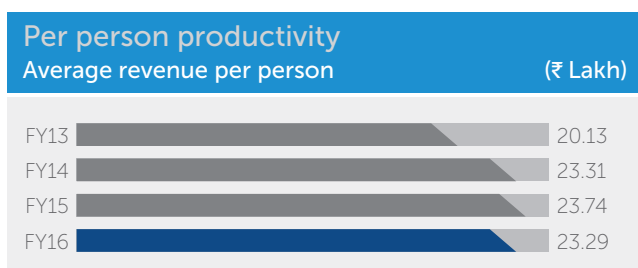
This is derived through the division of the turnover by the total inventory at the end of the financial year.

WHY WE MEASURE

This indicates the number of times the inventory has been turned over, the higher the better, each inventory turn generating profits for the company.

PERFORMANCE

The company succeeded in increasing inventory turns to 19.58x in 2015-16, which is a fair achievement during an economic slowdown and sectoral sluggishness. The company's inventory declined from ₹21.85 cr to ₹19.58 cr in quantum terms and from 20.90 days of turnover equivalent in 2014-15 to 18.65 days in 2015-16.



DEFINITION

This is derived through the division of the turnover by the number of employees at the end of the financial year.

WHY WE MEASURE

This indicates per person productivity, the higher the better.

PERFORMANCE

The company succeeded in preserving per person productivity at ₹23.29 Lakhs/person in 2015-16, indicating a complement of training, knowledge and multi-skilling.



DEFINITION

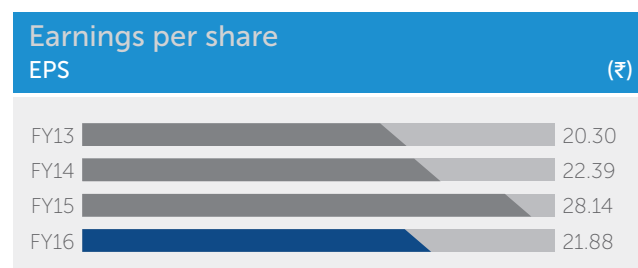
The quantum of exports reflects the company's global presence.

WHY WE MEASURE

Exports validate the company's global presence as well as benefits arising out of the procurement of capital equipment under duty-free schemes.

PERFORMANCE

Despite export volumes dipping in 2015-16 due to a global slowdown, the Company ensured a balance between domestic and export sales. The Company ensured that export revenues from yarns accounted for about a 25% share of the overall yarn revenues in the last four years.



DEFINITION

The portion of a company's profit allocated per outstanding share of common stock.

WHY WE MEASURE

EPS is a reflection of how well business strategies translate into enhanced value in the hands of shareholders.

PERFORMANCE

The decline in EPS mirrored a decline in profits arising out of economic conditions that affected the sector as a whole (beyond the Company's control).

Our expansion



Workers Quarters:

Comfortable accommodation of workers is critical to employee retention and optimization of spindle utilisation in remote locations. The Company is building 150 quarters inside the premises which will accommodate 60-75% of the workforce.



Expanding our factory infrastructure: In the case of spinning mills, civil work below ground level is more time consuming and difficult than above-ground construction. Our promoters have inducted non-debt funds to be utilised for civil work. Debt will accrue only on core machinery as that has a longer moratorium and greater interest subvention benefits.





Statutory Reports



Corporate information

Board of Directors

Sri R Surender Reddy
(DIN: 00083972) Chairman

Sri Vithaldas Agarwal
(DIN: 00012774) Managing Director

Sri Mahender Kumar Agarwal
(DIN: 00012807) Joint Managing Director

Sri K Lakshmikanth Reddy
(DIN: 00016766) Director

Sri R S Agarwal
(DIN: 00012594) Director

Sri K R Suresh Reddy
(DIN: 00074879) Director

Smt. Madhavi Agarwal
(DIN: 06866592) Executive Director

Sri K K Sinha
(DIN: 03383960) Director (Operations)

Sri K Nageswara Rao Chief Financial Officer

Smt. Prameela Rani M
(up to 31st May, 2016) Company Secretary

Sri Deepesh Kumar Pipalwa
(from 01st June, 2016) Company Secretary

Committees of the Board

Audit Committee

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

Stakeholders Relationship Committee

Sri K R Suresh Reddy, Chairman
Sri Vithaldas Agarwal, Member
Sri Mahender Kumar Agarwal, Member

Registrar & Transfer Agents

Karvy Computershare Private Limited, Karvy Selenium Tower, B, Plot No: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032.

Tel: +91- 40 - 6716 1500, 3321 1000.

Fax: +91-40 – 2342 0814, 2300 1153

E-mail : einward.ris@karvy.com

Website : www.karvy.com

Registered Office

Surya Towers, 1st Floor,
105, Sardar Patel Road, Secunderabad – 500 003.
Tel: 040 - 2777 4200, Fax: 040 - 27846859
Email: cs@suryalata.com, Website : www.suryalata.com

Factories

Marchala Village, Kalwakurthy Mandal,
Mahaboobnagar District, Telangana – 509 320

Nomination & Remuneration Committee

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

Corporate Social Responsibility Committee

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

Bankers

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

Auditors

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

ISIN INE132C01027
CIN L18100TG1983PLC003962
Listed on Bombay Stock Exchange Limited (BSE)
Scrip Code 514138

Urukondapet Village, Midjil Mandal,
Mahaboobnagar District, Telangana – 509 320

Directors' Report

To
The Members,

Your Directors have pleasure in presenting the 33rd Annual Report together with the Company's Audited Financial Statements for the financial year ended 31st March, 2016.

Financial Results

The financial performance of the Company during the year ended 31st March, 2016 has been summarized below:

(Rs. in Lakhs)

| Particulars | Current Year 2015-16 | Previous Year 2014-15 |
|--|-------------------------|--------------------------|
| Gross Sales/Turnover | 35,396 | 37,694 |
| Net Sales/Turnover | 35,369 | 36,541 |
| Profit before Interest, Depreciation and Tax | 3181 | 3,856 |
| Interest | 915 | 1,070 |
| Depreciation | 811 | 868 |
| Profit Before Tax | 1456 | 1,917 |
| Less: Provision for tax | 400 | 482 |
| Deferred Tax Liability | 95 | 170 |
| Profit After Tax | 961 | 1,265 |
| Add: Profit brought forward from last year | 1033 | 925 |
| Amount available for appropriation | 1994 | 2,190 |
| Appropriations: | | |
| Transfer to | | |
| (a) General Reserve | 500 | 1,000 |
| (b) Preference Shares Redemption Reserve | 385 | 0 |
| (c) Dividend on Equity Shares | 25 | 77 |
| (d) Dividend on Preference Shares | 23 | 54 |
| (e) Dividend distribution tax | 10 | 26 |
| Balance Carried forward to Balance Sheet | 1051 | 1,033 |

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

Operations

The year 2015-16 was marked by a prolonged global weakness, realization continued to decline, off take continued to remain sluggish, terms of trade weakened, consumer preferences became increasingly demanding even then the Company is proud to have ending performance in the Financial Year 2015-16. Operations were broadly effected with the following.

- Average input (raw material) cost dropped to Rs. 87.70 per kg from Rs. 99.21 per kg in the previous year.
- Average yarn realization dropped to Rs. 136.43 per kg from Rs. 152.55 per kg in the previous year.
- Contributions for operations fallen to Rs. 46.51 per kg from Rs. 51.78 per kg in the previous year.

Highlights of the Company's Affairs

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

- Revenue from operations for the FY 2015-16 is Rs. 35,396 Lakhs as compared to Rs. 37,694 lakhs in the previous year.
- Exports are Rs. 3055 lakhs compared to Rs. 10,567 Lakhs in the previous year.
- Production quantities increased to 25,795 MTS as against 24,151 MTS in previous year.
- Profit Before Tax for the FY 2015-16 is Rs.1456 as compared against Rs. 1917 Lakhs in previous year.
- Profit After Tax is Rs. 961 Lakhs as against Rs. 1265 Lakhs in previous year.
- Cash Profits of Rs 2266 Lakhs as against Rs 2785 lakhs in previous year.

Capital expenditure

During the year under review, your company has incurred Rs. 304 Lakhs towards the capital expenditure. The company also spent Rs. 514 lakhs towards Civil structures of Expansion project undertaken at Kalwakurthy Unit.

Future outlook

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

Transfer to Reserves

The Company has proposed to transfer Rs. 500 lakhs to the general reserve for the financial year ended 31st March, 2016.

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 2015-16. The said Dividend will absorb a sum of ₹22,53,388/-. The corporate dividend tax will be ₹4,58,737/-.

Also your Directors have recommended the payment of Dividend on the Equity Shares at 20% (i.e.) Rs. 2 per share of Rs. 10/- each to Non-promoter equity shareholders of the Company for the year 2015-16. The dividend will absorb a sum of Rs 25,29,380/- and the dividend tax will be Rs 5,14,922/-.

Deposits

During the year under review the Company has not accepted any deposits during the Financial Year 2015-16 in pursuance of Chapter V Companies (Acceptance of Deposits) Rules, 2014.

Subsidiaries

YP Solar Power Private Limited had been incorporated as a Wholly Owned Subsidiary of the Company to establish solar power plant for captive consumption purpose. However the same ceased to be a subsidiary w.e.f. 18th March, 2016 as it could not turn up for the purpose during the year.

There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiaries.

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 as **Annexure I** to this Report.

Number of Meetings of the Board of Directors

Four (04) Board Meetings & Audit Committee Meetings were held during the Financial Year 2015-16 as below:

1. 25th May, 2015
2. 12th August, 2015
3. 7th November, 2015
4. 4th February, 2016

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

1. CSR Committee Meeting – 25th May, 2015
2. Independent Directors Meeting – 4th February, 2016
3. Stake holders relationship Committee Meeting – 07th November, 2015

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

During the year under review, your company has made an issue and allotment of 3,85,000 Cumulative Redeemable Preference shares of face value of Rs. 100/- each on preferential basis at par to the promoters & promoters group of the Company.

Consequently the paid up preference share capital of the company has increased from Rs. 1,50,00,000/- to Rs. 5,35,00,000/-.

Directors Responsibility Statement

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

- (a) that in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016, 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 31st March, 2016, on a going concern basis;

- (e) that the directors have laid down internal controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

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

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

Related Party Transactions

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

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

The disclosure with respect to transactions with Related parties in compliance with Accounting standard 18 is disclosed in notes forming part of financial statements annexed to this report.

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

Particulars of Loans, Guarantees and Investments :

During the year under review, the Company has granted unsecured loan to a Company covered in the register maintained under section 186 of the Companies Act, 2013.

However the Company has not given any guarantee or provided any securities to any person or body corporate.

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 enclosed as **Annexure – II**.

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

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

Pursuant to the provisions of section 196, 197, 198 and 203 read with schedule V of the Companies Act, 2013, Smt. Madhavi Agarwal (DIN 06866592) was appointed as Executive Director of the Company with the designation Whole-Time Director in the last Annual General Meeting of the Company held on 21st September, 2015 for a period of Five (5) years.

Pursuant to the provisions of section 196, 197, 198 and 203 read with schedule V of the Companies Act, 2013, Sri Mahender Kumar Agarwal (DIN 00012807) was re-appointed as Joint Managing Director of the Company in the last Annual General Meeting of the Company held on 21st September, 2015 for a period of Five (5) years.

Pursuant to the provisions of section 203 of the Act, the key managerial personnel (who are not Directors) of the Company are – Sri. Nageswara Rao Kommineni, Chief Financial Officer, Smt. Prameela Rani Meka, Company Secretary. There has been no change in the key managerial personnel during the year.

However, subsequent to closure of Financial year 2015-16 Smt. Prameela Rani Meka, Company Secretary of the Company has submitted her resignation w.e.f. 31st May, 2016. The Company has appointed Sri. Deepesh Kumar Pipalwa, as Whole-time Company Secretary of the company w.e.f. 1st June, 2016.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Sri K K Sinha, 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. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders Relationship Committee

Audit Committee

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

Nomination and Remuneration Committee.

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

Policy on directors' appointment and remuneration and other details:

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

Corporate Social Responsibility Committee

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

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

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

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

The Report on Corporate Social Responsibility as per Rule 8 of (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is enclosed as **Annexure III** to this Report.

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.

Auditors

Statutory Auditors:

The Auditors, M/s. Brahmayya & Co., Chartered Accountants, (ICAI Firm Registration No 000513S) Hyderabad, Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and are eligible for re-appointment pursuant to section 139 of the Companies' Act, 2013.

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 R. & A Associates, a firm of practicing Company Secretaries, Hyderabad as the Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial year ended 31st March, 2016 in compliance with the provisions of Section 204 of the Companies Act, 2013.

The Secretarial Audit Report issued by M/s. R & A Associates, in Form MR-3 is enclosed as **Annexure IV** to this 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 2016-17, in compliance to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit Rules,) 2014, on the recommendations made by the Audit Committee, and has recommended her remuneration for the ratification of Members at the ensuing annual general meeting.

Vigil Mechanism/Whistle Blower Policy :

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

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

Details of adequacy of internal financial controls

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

Corporate Governance

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

Change in the Nature of Business

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

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

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

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

There were no material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2016 to the date of signing of the Director's Report.

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

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

Risk Management Policy

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

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

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

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

Mechanism for Board Evaluation

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

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

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

A meeting of the Independent Directors was also held which reviewed performance of non-independent directors, performance of the board as a whole and performance of the chairman after taking in to account the views of executive

directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Disclosure pertaining to sexual harassment of women at workplace

During the Financial year ended 31st March, 2016 the Company has neither received any complaints nor there are any pending complaints pertaining to sexual harassment.

Acknowledgments

The Board of Directors places on record its gratitude to IDBI Bank Limited, State Bank of India, Insurance Companies and Government Authorities for their assistance and cooperation. 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**

R. Surender Reddy
Chairman
DIN 00083972

Place: Secunderabad
Date: 08th August, 2016

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE - I

Extract of Annual Return as on the financial year ended on 31st March 2016

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

I. REGISTRATION AND OTHER DETAILS

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

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:-

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Y.P. Solar Power Private Limited (Wholly owned subsidiary) ceased to be a subsidiary w.e.f. 18th March, 2016

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share holding

| Category of shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change During The year |
|---|---|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 3002310 | 0 | 3002310 | 70.36 | 3002310 | 0 | 3002310 | 70.36 | 0.00 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A)(1) | 3002310 | 0 | 3002310 | 70.36 | 3002310 | 0 | 3002310 | 70.36 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRI's-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other – individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter | 3002310 | 0 | 3002310 | 70.36 | 3002310 | 0 | 3002310 | 70.36 | 0.00 |
| (A) = (A)(1) + (A)(2) | | | | | | | | | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 96 | 0 | 96 | 0.00 | 96 | 0 | 96 | 0.00 | 0 |
| b) Banks/FI | 0 | 990 | 990 | 0.02 | 0 | 990 | 990 | 0.02 | 0 |
| c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (B)(1) | 96 | 990 | 1086 | 0.03 | 96 | 990 | 1086 | 0.03 | 0 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 238158 | 2001 | 240159 | 5.63 | 197082 | 2001 | 199083 | 4.67 | 0.96 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholding upto Rs.1 lakh | 598614 | 94279 | 692893 | 16.24 | 619719 | 91945 | 711664 | 16.68 | 0.44 |
| ii) Individual shareholding nominal share capital in excess of Rs. 1 lakh | 311535 | 0 | 311535 | 7.30 | 337290 | 0 | 337290 | 7.90 | (0.60) |

| 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 | |
| c) Others Clearing Members | 5414 | 0 | 5414 | 0.13 | 1020 | 0 | 1020 | 0.02 | 0.11 |
| d) NRIs | 13603 | 0 | 13603 | 0.32 | 14547 | 0 | 14547 | 0.34 | (0.2) |
| Sub-Total(B)(2) | 1167324 | 96280 | 1263604 | 29.61 | 1261603 | 2001 | 1263604 | 29.61 | 0 |
| Total Public Shareholding(B) = (B)(1)+(B)(2) | 1167420 | 97270 | 1264690 | 29.64 | 1261699 | 2991 | 1264690 | 29.64 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 4169730 | 97270 | 4267000 | 100 | 4172064 | 94936 | 4267000 | 100 | 0 |

ii) Shareholding of Promoters

| S. No. | Shareholders' name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change During The year |
|--------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--------------------------|
| | | No. of shares | % of total Shares of the company | % of Shares Pledged/ Encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged/ Encumbered to total shares | |
| 1 | Vithaldas Agarwal | 1058844 | 24.81 | 15.44 | 818844 | 19.19 | 80.46 | 5.62 |
| 2 | Mahender Kumar Agarwal | 1007133 | 23.60 | 16.81 | 1247133 | 29.23 | 57.50 | (5.62) |
| 3 | Madhavi Agarwal | 664161 | 15.57 | 5.16 | 664161 | 15.57 | 33.12 | 0 |
| 4 | Yash Agarwal | 81130 | 1.90 | 0 | 81130 | 1.90 | 0 | 0 |
| 5 | Agarwal Mahender Kumar – HUF (Represented by Mahender Kumar Agarwal) | 191042 | 4.48 | 2.44 | 191042 | 4.48 | 54.50 | 0 |

iii) Change in promoters' shareholding :

During the year there was no change in the shareholding of promoters other than the transfer of shares from Vithaldas Agarwal to Mahender kumar agarwal.

| S. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------|------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Vithaldas Agarwal | | | | | |
| 1 | At the beginning of the year | 1058844 | 24.81 | 1058844 | 24.81 |
| 2 | Increase/ decrease during the year | (240000) | (5.62) | 818844 | 19.19 |
| 3 | At the End of the year | 818844 | 19.19 | 818844 | 19.19 |
| Mahender Kumar Agarwal | | | | | |
| 1 | At the beginning of the year | 1007133 | 23.60 | 1007133 | 23.60 |
| 2 | Increase/ decrease during the year | 240000 | 5.62 | 1247133 | 29.23 |
| 3 | At the End of the year | 1247133 | 29.23 | 1247133 | 29.23 |

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

| S. No. | Name of the Share holder | Shareholding at the beginning of the year | | Date wise increase/decrease in the shareholding during the year | | Cumulative Shareholding | |
|--------|-------------------------------------|---|----------------------------------|---|---------------|-------------------------|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | No. of shares | % of total shares of the Company |
| 1 | JAMSON SECURITIES PVT LTD | 171373 | 4.02 | | NIL | 171373 | 4.02 |
| | Shareholding at the end of the year | | | | | 171373 | 4.02 |
| 2 | PRANAV KUMARPAL PAREKH | 37547 | 0.88 | | NIL | 37547 | 0.88 |
| | Shareholding at the end of the year | | | | | 37547 | 0.88 |
| 3 | ANIL KUMAR | 31500 | 0.74 | | NIL | 31500 | 0.74 |
| | Shareholding at the end of the year | | | | | 31500 | 0.74 |
| 4 | VINODCHANDRA MANSUKHLAL PAREKH | 27353 | 0.64 | | NIL | 27353 | 0.64 |
| | Shareholding at the end of the year | | | | | 27353 | 0.64 |
| 5 | VINAY KUMAR | 29200 | 0.68 | 10/04/2015 | 990 | 30190 | 0.71 |
| | | | | 24/04/2015 | 3487 | 33677 | 0.79 |
| | | | | 01/05/2015 | 3525 | 37202 | 0.87 |
| | | | | 08/05/2015 | 2798 | 40000 | 0.94 |
| | | | | 15/05/2015 | 3986 | 43986 | 1.03 |
| | | | | 29/05/2015 | 2450 | 46436 | 1.09 |
| | | | | 05/06/2015 | 1950 | 48386 | 1.13 |
| | | | | 12/06/2015 | 1836 | 50222 | 1.18 |
| | | | | 19/06/2015 | 778 | 51000 | 1.20 |
| | | | | 26/06/2015 | (2000) | 49000 | 1.15 |
| | | | | 10/07/2015 | (4000) | 45000 | 1.05 |
| | | | | 17/07/2015 | (1266) | 43734 | 1.02 |
| | | | | 24/07/2015 | 3172 | 46906 | 1.10 |
| | | | | 31/07/2015 | (198) | 46708 | 1.09 |
| | | | | 07/08/2015 | (11832) | 34876 | 0.82 |
| | | | | 14/08/2015 | (3129) | 31747 | 0.74 |
| | | | | 28/08/2015 | 1380 | 33127 | 0.78 |
| | | | | 04/09/2015 | (338) | 32789 | 0.77 |
| | | | | 11/09/2015 | 2211 | 35000 | 0.82 |
| | | | | 27/11/2015 | (1000) | 34000 | 0.80 |
| | | | | 04/12/2015 | (1000) | 33000 | 0.77 |
| | | | | 11/12/2015 | (477) | 32523 | 0.76 |
| | | | | 25/12/2015 | (2523) | 30000 | 0.70 |
| | | | | 31/12/2015 | (13000) | 17000 | 0.40 |
| | | | | 22/01/2016 | 2000 | 19000 | 0.45 |
| | | | | 12/02/2016 | 2000 | 21000 | 0.49 |
| | | | | 26/02/2016 | 2028 | 23028 | 0.54 |
| | | | | 04/03/2016 | 972 | 24000 | 0.56 |
| | | | | 18/03/2016 | 2000 | 26000 | 0.61 |
| | Shareholding at the end of the year | | | | | 26000 | 0.61 |
| 6 | SANJEEV VINODCHANDRA PAREKH | 19500 | 0.46 | 23/10/2015 | 1741 | 21241 | 0.5 |
| | Shareholding at the end of the year | | | | | 21241 | 0.5 |

| 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 |
| 7 | DR RAMESH CHIMANLAL SHAH | 23501 | 0.55 | 14/08/2015 | (1000) | 22501 | 0.53 |
| | | | | 21/08/2015 | (1200) | 21301 | 0.50 |
| | | | | 16/10/2015 | (774) | 20527 | 0.48 |
| | Shareholding at the end of the year | | | | | 20527 | 0.48 |
| 8 | JAHNAVI SRI DHANYA S | 20000 | 0.47 | | NIL | 20000 | 0.47 |
| | Shareholding at the end of the year | | | | | 20000 | 0.47 |
| 9 | R. INDIRA REDDY | 18775 | 0.44 | | NIL | 18775 | 0.44 |
| | Shareholding at the end of the year | | | | | 18775 | 0.44 |
| 10 | KUMARPAL MANSUKHLAL PAREKH | 15237 | 0.42 | | NIL | 15237 | 0.42 |
| | Shareholding at the end of the year | | | | | 15237 | 0.42 |

v) Shareholding of Directors and Key Managerial Personnel

| S. No. | Particulars | Shareholding at the beginning of the year | | Increase/ decrease in the shareholding during the year | Shareholding at the end of the year | |
|--------|------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the Company | | No. of shares | % of total shares of the Company |
| 1 | R. Surender Reddy | 3600 | 0.08 | 0 | 3600 | 0.08 |
| 2 | Vithaldas Agarwal | 1058844 | 24.81 | (240000) | 818844 | 19.19 |
| 3 | Mahender Kumar Agarwal | 1007133 | 23.60 | 240000 | 1247133 | 29.23 |
| 4 | Madhavi Agarwal | 664161 | 15.57 | 0 | 664161 | 15.57 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

| | Secured Loans Excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|---------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 98,32,36,815 | 13,81,64,707 | - | 1,12,14,01,522 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | 70,76,154 | - | - | 70,76,154 |
| Total (i)+(ii)+(iii) | 99,03,12,969 | 13,81,64,707 | - | 1,12,84,77,676 |
| Change in indebtedness during the financial year | | | | |
| Addition | - | 5,64,25,000 | - | 5,64,25,000 |
| Reduction | (27,58,03,423) | (3,81,25,000) | - | (31,39,28,423) |
| Net change indebtedness | (27,58,03,423) | 1,83,00,000 | - | (25,75,03,423) |
| At the end of the financial year | | | | |
| i) Principal Amount | 71,45,09,546 | 15,64,64,707 | - | 87,09,74,253 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | 52,94,582 | - | - | 52,94,582 |
| Total (i)+(ii)+(iii) | 71,98,04,128 | 15,64,64,707 | - | 87,62,68,835 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S. No. | Particulars of Remuneration | Name of MD /WTD/ Manager | | | Total Amount |
|--------|---|--------------------------------------|---|-------------------------------------|--------------------|
| | | Vithaldas Agarwal, Managing Director | Mahender Kumar Agarwal, Joint Managing Director | Madhavi Agarwal, Executive Director | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 33,00,000 | 33,72,240 | 21,21,600 | 87,93,840 |
| | (b) Value of perquisite u/s 17(2) of Income Tax Act, 1961 | Nil | 5,21,134 | 7,83,703 | 1304837 |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission - as % of profit - Others, specify | 31,08,942 | 31,08,942 | 15,54,471 | 77,72,355 |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (A) | 64,08,942 | 70,02,316 | 44,59,774 | 1,78,71,032 |
| | Ceiling as per the Act | | | | |

B. Remuneration to other Directors

| S. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--------|---|-------------------|----------------------|---------------|------------------|-----------------|
| | | R Surender Reddy | K Lakshmikanth Reddy | R S Agarwal | K R Suresh Reddy | |
| | Independent Directors | | | | | |
| | • Fee for attending board/ committee meetings | 38,000 | 18,000 | 38,000 | 30,000 | 1,24,000 |
| | • Commission | Nil | Nil | Nil | Nil | Nil |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | 38,000 | 18,000 | 38,000 | 30,000 | 1,24,000 |
| | Other Non-Executive Directors | | | | | |
| | • Fee for attending board/ committee meetings | Nil | Nil | Nil | Nil | Nil |
| | • Commission | Nil | Nil | Nil | Nil | Nil |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | Nil | Nil | Nil |
| | Total (B) = (1+2) | 38,000 | 18,000 | 38,000 | 30,000 | 1,24,000 |
| | Ceiling as per the Act | | | | | |

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (Rs./lakhs)

| S. No. | Particulars of Remuneration | Name of Key Managerial Person | | Total Amount |
|--------|---|-------------------------------|-------------------------------|------------------|
| | | Company Secretary (CS) | Chief Financial Officer (CFO) | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 3,79,287 | 18,78,240 | 22,57,527 |
| | (b) Value of perquisite u/s 17(2) of Income Tax Act, 1961 | 65,415 | 2,60,000 | 3,25,415 |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil |
| 4 | Commission - as % of profit - Others, specify | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil |
| | Total (A) | 4,44,702 | 21,38,240 | 25,82,942 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief description | Details of penalty/punishment/compounding fees imposed | Authority (RD/NCLT/COURT) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| B. DIRECTORS | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

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 15-16 | Remuneration in FY 14-15 | % of increase in remuneration | Ratio of remuneration to MRE |
|---|-------------------------|--------------------------|-----------------------------|----------------------------------|------------------------------------|
| Executive Directors | | | | | |
| Vithaldas Agarwal | Managing Director | 64,08,942 | 72,88,595 | (12.15) | 54.49 times |
| Mahender Kumar Agarwal | Joint Managing Director | 70,02,316 | 78,76,159 | (11.09) | 59.54 times |
| *Madhavi Agarwal | Whole-Time Director | 44,59,774 | 8,54,833 | 521.71% | 37.92 times |
| * Madhavi Agarwal was appointed as Whole Time Director of the Company w.e.f 6th November, 2014 and the remuneration paid for the Financial Year 2014-15 has been mentioned accordingly. | | | | | |
| Key Managerial Personnel | | | | | |
| K Nageswara Rao | Chief Financial Officer | 21,38,240 | 19,90,330 | 7.43 | 18.18 |
| *Prameela Rani M | Company Secretary | 4,44,702 | 1,73,427 | 156.42 | 3.78 |
| *Prameela Rani M was appointed as Company Secretary of the Company w.e.f 6th November, 2014 and the remuneration paid for the Financial Year 2014-15 has been mentioned accordingly. | | | | | |

1. The Median Remuneration of the employees of the Company during the financial year was Rs. 1,17,600/- .
2. In the financial year, there was an increase 10 % in the median remuneration of employees.
3. There are 362 permanent Employees on the Rolls of the Company as on 31st March, 2016.
4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 10%, and for financial Year 2015-16 also it was 10 % . However there was no change in the remuneration of Key Managerial Personnel's except Chief Financial Officer which was increased by 7.43 % for the Financial Year 2015-16.
5. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
6. It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

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

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

Identified Areas of Engagement:

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

Composition of CSR Committee:

The CSR Committee comprises of the following :

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

Average Net profits of last three Financial Years:

| | 2012-13 (Rs.) | 2013-14 (Rs.) | 2014-15 (Rs.) |
|--|----------------|----------------|----------------|
| Net Profits for the preceding three Financial year | 11,87,32,000/- | 13,45,53,000/- | 19,17,07,000/- |
| Average | | | 14,83,30,667/- |
| Prescribed CSR Expenditure (2% of Average Net profits) | | | 29,66,613/- |



The company has spent Rs. 30,21,131/- on the identified areas as approved by the Board for the Financial Year ended 31st March, 2016. 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 | Kalwakurthy, Telangana | 10,49,058 | 10,49,058 | 10,49,058 | Direct |
| 2 | Eradicating hunger and poverty and malnutrition and sanitation and making available safe drinking water | Sanitation | Marchala Telangana | 4,47,073 | 4,47,073 | 4,47,073 | Direct |
| 3 | Environment protection, agro forestry, conservation of natural resources. | Animal Welfare | Dabilpur Medchal Rangareddy , Telangana | 5,00,000 | 5,00,000 | 5,00,000 | Direct |
| 4 | Eradicating hunger and poverty and malnutrition Promoting health care and sanitation | Health care | New Town, Kolkata West Bengal 700156 | 10,00,000 | 10,00,000 | 10,00,000 | Direct |
| 5 | Eradicating hunger and poverty and malnutrition Promoting health care and sanitation | Health Care | The leprosy Mission Trust of India 16, Pandit Marg, CNI Bhavan, New Delhi | 25,000 | 25,000 | 25,000 | Direct |

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

Vithaldas Agarwal
Member of CSR Committee

R. Surender Reddy
Chairman of CSR Committee

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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, I Floor, 105, Sardar Patel Road,
Secunderabad, Telangana - 500003

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 (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) 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 (Not applicable to the Company during the Audit Period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): –

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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 client
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) Relying on the representations given by the Company and its officers with regard to other laws specifically applicable to the Company and its compliance and the limited review done by us, 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 2009-14 & 2015-2020
 - Hank yarn notification issued under Essential Commodities Act, 1955

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The erstwhile Listing Agreement entered into by the Company with Bombay Stock Exchange and the Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1st of December, 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. The changes in the composition of the Board of Directors that took place during

For and on Behalf of
R & A Associates,
Company Secretaries

R. Ramakrishna Gupta

Partner
FCS No.: 5523
C P No.: 6696
T 202, Technopolis, 1-10-74/B
Above Ratnadeep Super Market,
Chikoti gardens, Begumpet, Hyderabad, Telangana-500 016

Date : 8th August, 2016

Place: Hyderabad

This report is to be read with our letter of even date, which is annexed as "Annexure – A" and forms an integral part of this report

the period under review were carried out in compliance with the provisions of the Act.

Adequate notice of at least seven days is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were generally 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 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.

We 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;

- i. The Company has obtained Members Approval in 32nd Annual General Meeting by way of Special Resolution for issue of 5,00,000 Cumulative Redeemable Preference Shares of Rs 100/- each on Private Placement Basis.
- ii. The Company has Issued and Allotted 3,85,000 (Three Lakhs Eighty Five Only) redeemable cumulative preference shares of Rs. 100/- (Rupees Hundred Only) each to the promoters and promoter group of the Company.
- iii. The Company has Obtained Members approval in the 32nd Annual General Meeting by way of Special resolution for Alteration of Articles of Association of the Company to bring in line with Companies Act, 2013.
- iv. YP Solar Power Private Limited ceased to be a subsidiary of the Company w.e.f 18th March, 2016.

ANNEXURE – A

To,
The Members,
Suryalata Spinning Mills Limited,
Surya Towers, I Floor, 105, Sardar Patel Road,
Secunderabad, Telangana - 500003

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of Suryalata Spinning Mills Limited ("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 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 our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever 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 and on Behalf of

R & A Associates,

Company Secretaries

R. Ramakrishna Gupta

Partner

FCS No.: 5523

C P No.: 6696

T 202, Technopolis, 1-10-74/B

Above Ratnadeep Super Market,

Chikoti gardens, Begumpet, Hyderabad, Telangana-500 016

Date : 8th August, 2016

Place: Hyderabad

Corporate Governance Report

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

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

to provide good management. The Company endeavors to achieve optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

1. Fair and transparent business practices.
2. Effective management control by 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 2015 – 16

The Companies Act, 2013, Clause 49 of the Listing Agreement (till November, 2015) and regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (from 1st December, 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 2015-16.

| Name of the Director | Category | Board meetings | Attendance at last AGM held on 21.09.2015 |
|----------------------------|---------------------------|----------------|---|
| | | Attended | |
| Sri R. Surender Reddy | Non-Executive Independent | 04 | Present |
| Sri K. Lakshmikanth Reddy | Non-Executive Independent | 03 | Present |
| Sri R. S. Agarwal | Non-Executive Independent | 04 | Present |
| Sri K. R. Suresh Reddy | Non-Executive Independent | 03 | Present |
| Sri Vithaldas Agarwal | Executive/ Promoter | 04 | Present |
| Sri Mahender Kumar Agarwal | Executive/ Promoter | 04 | Present |
| Smt. Madhavi Agarwal | Executive Director | 04 | Absent |
| Sri K. K. Sinha | Executive Director | 04 | Absent |

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

| Name of the Director | No. of Other Directorships | Committee Membership | Committee Chairmanship |
|----------------------------|----------------------------|----------------------|------------------------|
| Sri R. Surender Reddy | 6 | 4 | 6 |
| Sri K. Lakshmikanth Reddy | Nil | Nil | Nil |
| Sri R. S. Agarwal | 8 | 3 | 3 |
| Sri K. R. Suresh Reddy | 2 | Nil | Nil |
| Sri Vithaldas Agarwal | 2 | 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 year on the following dates:

- 25th May, 2015
- 12th August, 2015
- 7th November, 2015
- 4th February, 2016

d) Disclosure of relationships between inter-se:

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

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

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

f) Details of familiarization programmes imparted to independent Directors :

www.suryalata.com

3) AUDIT COMMITTEE**a) Brief description of terms of reference:**

- Oversight of the company's financial reporting process and disclosure of financial information.

- Review of quarterly, half yearly and annual financial statements.
- Recommending the appointment and removal of external Auditors and fixing of their remuneration.
- Review the adequacy of internal control systems and internal audit functions.
- Review of Company's financial and risk management policies.

b) Composition, names of the members and Chairman:

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

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

c) Meetings and Attendance during the year:

During the year 2015 – 16, Four Audit Committee meetings were held on 25th May, 2015, 12th August, 2015 and 7th November, 2015 & 4th February, 2016 . 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 2015 – 16, One Nomination and Remuneration Committee meeting was held on 12th August, 2015. The attendance of each member of the Committee is given below:

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

d) Performance evaluation criteria:

One of the key functions of Nomination & Remuneration Committee is to evaluate the performance of executive/ Non executive Independent Directors. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying

possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship with stakeholders, Company performance and strategy, and the effectiveness of the whole Board and its various committees. Feedback on each director is encouraged to be provided as part of the survey.

5) REMUNERATION:

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

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

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

| S. No | Name of the Director | Sitting fees Paid for board/ committee meetings | Equity Shares Shares held |
|-------|--------------------------|---|---------------------------|
| 1 | Sri R Surender Reddy | 38000 | 3600 |
| 2 | Sri K R Suresh Reddy | 30000 | 0 |
| 3 | Sri K Lakshmikanth Reddy | 18000 | 0 |
| 4 | Sri R S Agarwal | 38000 | 0 |

Details of remuneration paid to Directors:

Details of remuneration paid to Directors of the Company during the year 2015–16 is given below:

| Fixed Component | | Commission payable as a % on Profit after Tax (Rs.) | Contribution to PF (Rs.) | Total (Rs.) |
|---|-------------------|---|--------------------------|-------------|
| *Salary (including HRA) (Rs.) | Perquisites (Rs.) | | | |
| Sri Vithaldas Agarwal – Managing Director | | | | |
| 33,00,000 | Nil | 31,08,942 | Nil | 64,08,942 |
| Sri Mahender Kumar Agarwal – Joint Managing Director | | | | |
| 33,50,640 | 5,21,134 | 31,08,942 | 21,600 | 70,02,316 |
| Smt. Madhavi Agarwal – Executive Director | | | | |
| 21,00,000 | 7,83,703 | 15,54,471 | 21,600 | 44,59,774 |

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

Notes:

- a) The Company has not issued any Stock options.
- b) There were no service contracts/Agreements with our Directors.
- c) None of our Directors is eligible for severance pay.
- d) The terms and conditions with regard to appointment of 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 07th November, 2015

3) Composition & attendance in committee meetings:

The Committee consists of the following Directors.

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

a. Name and designation of the Compliance Officer:

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

b. Number of Shareholders complaints received so far: 9

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

d. Number of pending complaints : Nil

7) GENERAL BODY MEETINGS

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

| Financial year | Date | Venue | Time |
|----------------|----------------------|---|------------|
| 2014-15 | 21st September, 2015 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 10.30 A.M. |
| 2013-14 | 6th August, 2014 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 10.30 A.M. |
| 2012-13 | 10th August, 2013 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 10.30 A.M. |

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

| Date | No. of Special Resolutions Passed | Particulars of the Special Resolution |
|----------------------|-----------------------------------|---|
| 21st September, 2015 | 3 | <ol style="list-style-type: none"> 1. Issue of Cumulative Redeemable Preference Shares on private placement basis. 2. Adoption of new set of Articles of Association of the Company in conformity with Companies Act, 2013. 3. Maintaining register of Members, Index of Members and other documents required to be maintained under section 94 of the Companies Act, 2013 at a place other than Registered office of the Company. |
| 6th August, 2014 | 5 | <ol style="list-style-type: none"> 1. Re-appointment of Sri Vithaldas Agarwal managing Director for a period of five years with effect from 1st July, 2014 to 30th June, 2019. 2. Alteration of Clause V of Memorandum of Association of the Company for Re-Classification of Authorized Share Capital of the Company. 3. Alteration of sub-clause (i) of Article 3 of the Articles of Association of the Company for Re-Classification of Authorized Share Capital of the Company. 4. Further issue of Preference Shares of the Company 5. Sanction of borrowing limits upto Rs. 200 Crores under Section 180 (1) (c) of the Companies Act, 2013. |
| 10th August, 2013 | 3 | <ol style="list-style-type: none"> 1. Revision of remuneration Sri Mahender Kumar Agarwal as the Joint Managing Director of the Company for a period of 3 years; 2. Revision of remuneration of Sri Vithaldas Agarwal, Managing Director of the Company for a period of 3 years; 3. Revision of remuneration of Sri Yash Agarwal, Executive Director of the Company for a period of 3 years; |

2. No Special Resolution was passed in the financial year 2015-16 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.

8) MEANS OF COMMUNICATION

a) Quarterly Results:

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

b) Newspapers in which Quarterly results normally published:

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

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

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

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

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

9) GENERAL SHAREHOLDER INFORMATION

- a) Annual General Meeting
- Date : 28/09/2016
- Time : 10.30 A.M.
- Venue : Kamat Lingapur Hotel, 1-10-44/2,
Chilkoti Gardens, Begumpet, Hyderabad – 500 016.
- b) Financial Calendar : 1st April to 31st March.
- c) Date of Book closure : 22.09.2016 to 28.09.2016 (Both days inclusive).
- d) Dividend Payment Date : Within 30 days from the date of Annual General meeting.
- e) Listing on Stock Exchanges : Bombay Stock Exchange Limited.

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

| Name and Address of the Stock Exchange | Scrip Code |
|---|-------------|
| Bombay Stock Exchange Limited (BSE) Phiroze JeeJeebhoy Towers, Dalal street, Mumbai - 400 001. | 5 1 4 1 3 8 |

The listing fee for the year 2016– 17 has been paid to the Stock Exchange.

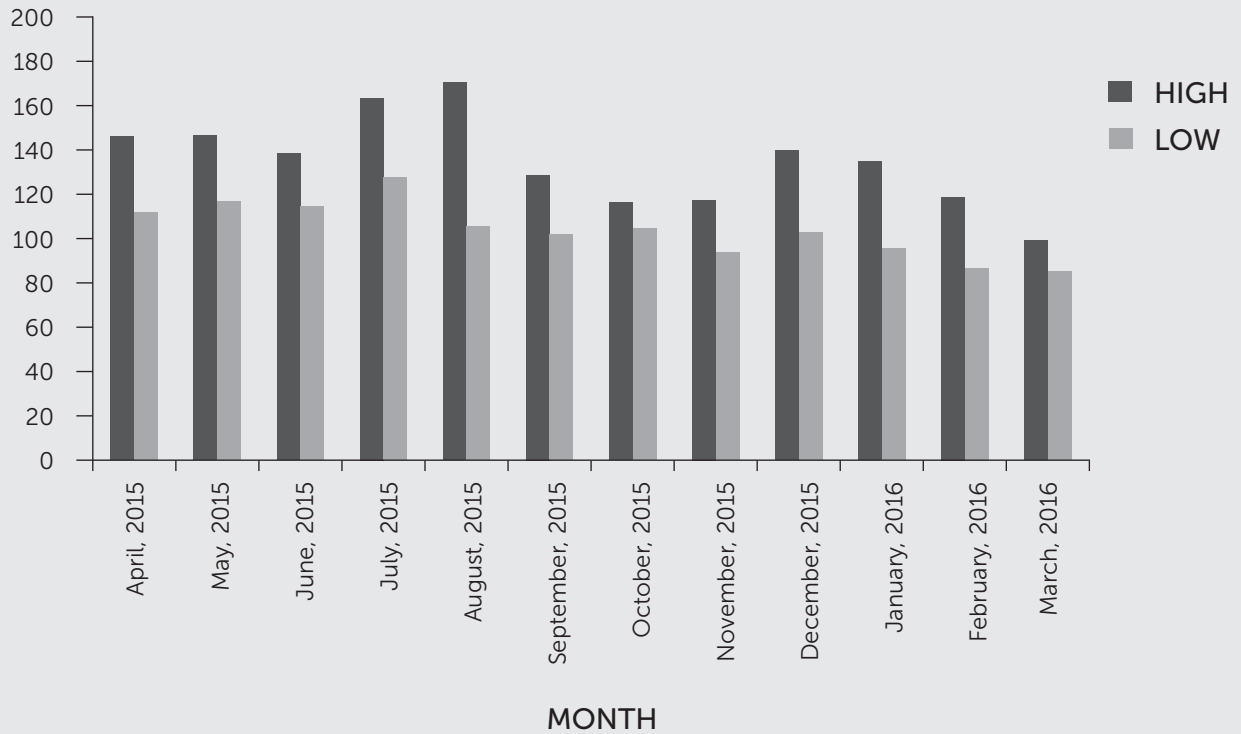
f) Market Price Data

High, low during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex, etc.

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

| MONTH | (in Rupees) | |
|-----------------|-------------|-------|
| | HIGH | LOW |
| April, 2015 | 147 | 112 |
| May, 2015 | 146.9 | 118.1 |
| June, 2015 | 139 | 115 |
| July, 2015 | 164 | 127.6 |
| August, 2015 | 171.7 | 106.1 |
| September, 2015 | 128.4 | 102.1 |
| October, 2015 | 116.9 | 105.3 |
| November, 2015 | 117.5 | 94.2 |
| December, 2015 | 140 | 102.8 |
| January, 2016 | 135 | 96 |
| February, 2016 | 119.8 | 87 |
| March, 2016 | 99.5 | 85.55 |

Suryalata Share Price (in INR)



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

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

(in Rupees)

| MONTH | Share Price in BSE | | BSE – Sensex | |
|-----------------|--------------------|-------|--------------|----------|
| | HIGH | LOW | HIGH | LOW |
| April, 2015 | 147 | 112 | 29094.61 | 26897.54 |
| May, 2015 | 146.9 | 118.1 | 28071.16 | 26423.99 |
| June, 2015 | 139 | 115 | 27968.75 | 26307.07 |
| July, 2015 | 164 | 127.6 | 28578.33 | 27416.39 |
| August, 2015 | 171.7 | 106.1 | 28417.59 | 25298.42 |
| September, 2015 | 128.4 | 102.1 | 26471.82 | 24833.54 |
| October, 2015 | 116.9 | 105.3 | 27618.14 | 26168.71 |
| November, 2015 | 117.5 | 94.2 | 26824.3 | 25451.42 |
| December, 2015 | 140 | 102.8 | 26256.42 | 24867.73 |
| January, 2016 | 135 | 96 | 26197.27 | 23839.76 |
| February, 2016 | 119.8 | 87 | 25002.32 | 22494.61 |
| March, 2016 | 99.5 | 85.55 | 25479.62 | 23133.18 |

h) Registrar & Transfer Agents:

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 1500 Fax No.040 - 2342 0814.
E-Mail: einward.ris@karvy.com., www.karvycomputershare.com

i) Share Transfer System:

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

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

In terms of SEBI circular No. D&CC/FITTC/CR-16 dated 31-12.2002, Secretarial Audit is conducted on a quarterly basis by a practicing Company secretary for the purpose of, inter alia, reconciliation of the total submitted equity share capital with the depositories and in the physical form with the total issued/paid up equity capital of the Company. Certificates are placed before the Board of Directors and are also forwarded to Bombay Stock Exchange Limited, where the shares of the Company are listed.

j) Distribution schedule and shareholding pattern as on 31st March 2016:

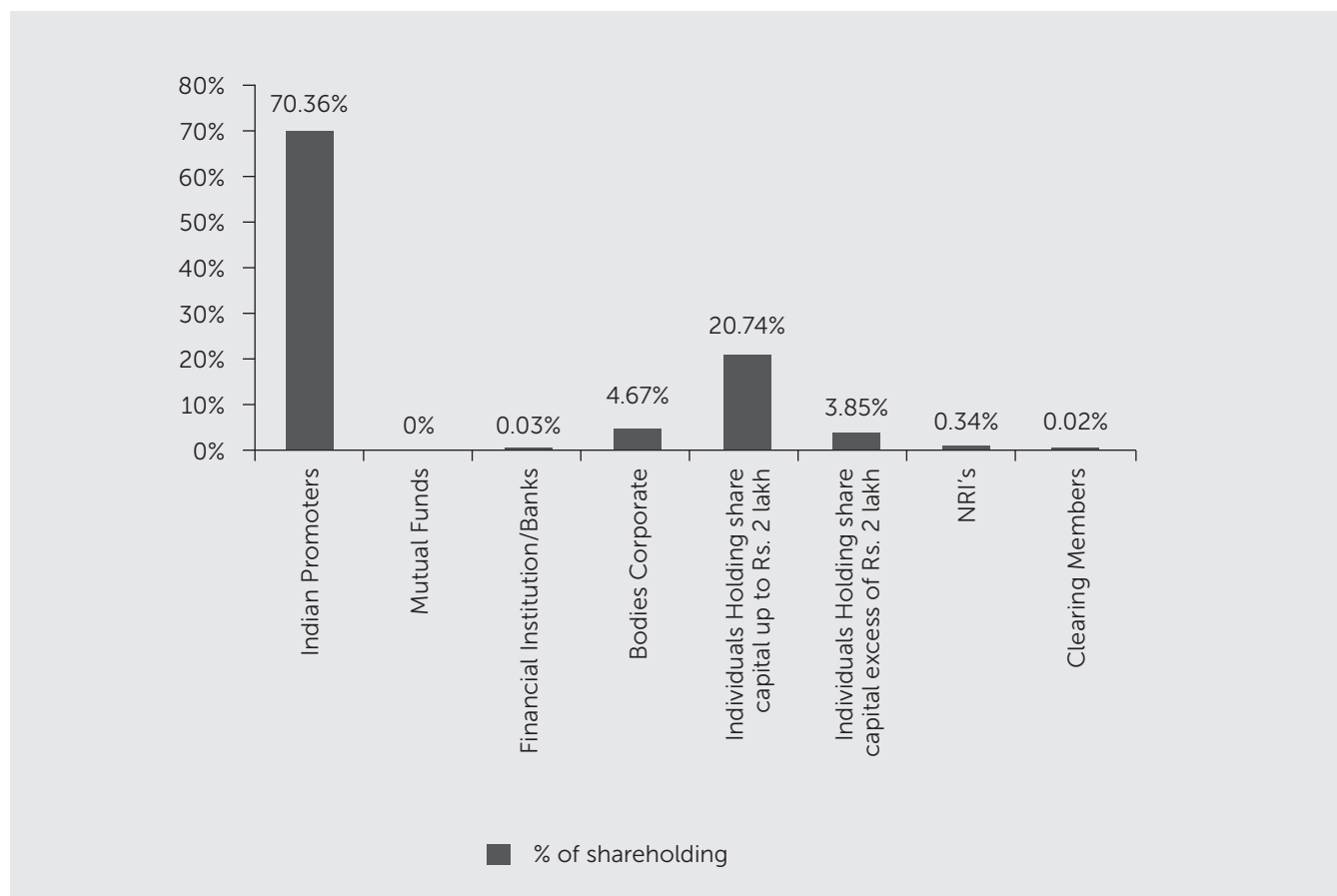
1. Distribution of Shareholding as on 31st March, 2016

| No. of Equity Shares Slab | No. of Share Holders | | No. of Shares | |
|---------------------------|----------------------|-------|---------------|-------|
| | Total | % | Total | % |
| 1 - 5000 | 3385 | 92.16 | 362214 | 8.49 |
| 5001 - 10000 | 140 | 3.81 | 105308 | 2.47 |
| 10001 - 20000 | 76 | 2.07 | 106286 | 2.49 |
| 20001 - 30000 | 20 | 0.54 | 49877 | 1.17 |
| 30001 - 40000 | 11 | 0.30 | 39025 | 0.91 |
| 40001 - 50000 | 8 | 0.22 | 37425 | 0.88 |
| 50001 - 100000 | 9 | 0.25 | 55892 | 1.31 |
| 10001 & above | 24 | 0.65 | 3510973 | 82.28 |
| TOTAL | 3673 | 100 | 4267000 | 100 |

2. Shareholding Pattern as on 31st March, 2016:

| Category of Shareholder | No. of Share Holders | Total No. of shares | % |
|-------------------------------------|----------------------|---------------------|--------------|
| Promoter's Holding | | | |
| Indian Promoters | 5 | 3002310 | 70.36 |
| Foreign Promoters | 0 | 0 | 0 |
| Total Promoter's Holding (A) | 5 | 3002310 | 70.36 |
| Public Shareholding | | | |
| Institutional Investors | | | |
| Mutual Funds | 2 | 96 | 0.00 |
| Financial Institutions/Banks | 2 | 990 | 0.03 |

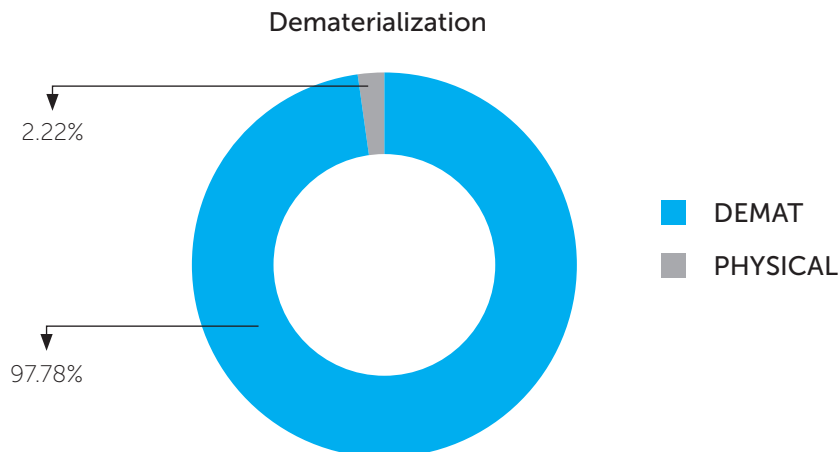
| Category of Shareholder | No. of Share Holders | Total No. of shares | % |
|--|----------------------|---------------------|--------------|
| Foreign Institutional Investors | 0 | 0 | 0 |
| Foreign Companies | 0 | 0 | 0 |
| Any Other | 0 | 0 | 0 |
| Non – Institutional Investors | | | |
| Bodies Corporate | 90 | 199083 | 4.67 |
| Individuals | | | |
| Holding share capital up to Rs. 2 lakh | 3532 | 884786 | 20.74 |
| Holding share capital in excess of Rs. 2 Lakh | 6 | 164168 | 3.85 |
| Others | | | |
| Non Resident Individuals | 31 | 14547 | 0.34 |
| Overseas Corporate Bodies | 0 | 0 | 0 |
| Trusts | 0 | 0 | 0 |
| Clearing Members | 5 | 1020 | 0.02 |
| Total Public Shareholding (B) | 3668 | 1264690 | 29.64 |
| Shares held by Custodian against Depository Receipts (C) | 0 | 0 | 0 |
| TOTAL (A+B+C) | 3673 | 4267000 | 100 |



k) Dematerialization of Shares & Liquidity:

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

As on 31st March, 2016, 41,72,064 Equity shares were dematerialized representing 97.78% of the total paid up equity share capital of the Company. The ISIN allotted to the company's scrip is INE132C01027. The shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai.



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

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

n) Plant Locations:

- i) Marchala Village,
Kalwakurthy Mandal,
Mahabubnagar District
Telangana State
Pin Code: 509 320.
- ii) Urukondapet Village
Kalwakurthy-Mahabubnagar Road,
Midjil Mandal, Mahabubnagar District
Telangana State
Pin Code: 509 320.

o) Registrar and Share Transfer Agents:

Address for Correspondence:

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

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad – 500 032 .
Phone No.: 040 - 6716 1500 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,
Deepesh Kumar Pipalwa
Company Secretary
Suryalata Spinning Mills Limited
Surya Towers, 1st 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) OTHER DISCLOSURES

- a) During the year under review, the Company had not entered into any material transaction with any of its related parties which may have potential conflict with the interest of the company at large.
- b) During last three years no penalties, strictures imposed on the Company by the Stock Exchange (s) or the Board or any statutory authority on any matter related to capital markets.
- c) The Board of Directors of the Company had adopted the Whistle Blower Policy. Employees can report the Management concerned unethical behavior, act suspected fraud or violation of the Company's Code of Conduct policy. None of the personnel has been denied access to the audit Committee.
- d) THE DISCLOSURES OF THE COMPLIANCE WITH MANDATORY REQUIREMENTS AND COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 ARE AS FOLLOWS:

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

- e) The policy on related party transactions can be accessed on the Company website at www.suryalata.com
- f) The Company is not carrying on any commodity business and has also not undertaken any hedging activities, hence the same are not applicable to the Company.
- g) Details of Compliance with mandatory requirements:
The Company has complied with all the mandatory requirements of Corporate Governance prescribed under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- h. Code of Conduct
The Board has approved a code of conduct for Board Members and Senior Management Personnel of the Company. The code of conduct has been posted on the website of the company. All Directors and senior management personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2016. 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 31st March, 2016.

Place : Secunderabad
Date : 8th August, 2016

Vithaldas Agarwal
Managing Director

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

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

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2016 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit as any material fact and do 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 : 8th August, 2016

Vithaldas Agarwal
Managing Director

K Nageswara Rao
Chief Financial Officer

Auditors' Certificate on Compliance of Corporate Governance

To
The Members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD.

We have examined the compliance of conditions of Corporate Governance by **SURYALATA SPINNING MILLS LIMITED** for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement with the stock exchange for the period from April 1st 2015 to 30th November, 2015 and the Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) from the period December 1st 2015 to March 31st 2016.

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, 2016, no investor grievances are pending against the Company as per the records of the company. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Hyderabad
Date: 25th May, 2016

K Shravan
Partner
Membership No. 215798

ANNEXURE - VI

Information as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of Directors Report for the year ended 31st March, 2016.

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

A. Conservation of energy

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

B. Technology absorption:

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

C. Foreign exchange earnings and outgo:

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

| Particulars | (Rs. in Lakhs) | |
|-----------------------------|----------------|-----------|
| | 2015-2016 | 2014-2015 |
| (i) Foreign Exchange earned | | |
| FOB Value of Exports | 1711.98 | 4026.11 |
| (ii) Foreign Exchange Used | | |
| Import of Capital Goods | NIL | 286.21 |
| Raw materials | NIL | 413.53 |
| Spares | 78.93 | 73.54 |
| Foreign Travel | 25.79 | 7.63 |
| Commission on export sales | 14.63 | 35.91 |

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

R. Surender Reddy
Chairman
DIN 00083972

Place: Secunderabad
Date: 8th August, 2016

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 8s to 60s. The company is having two manufacturing units on Kalwakurthy and Urukondapet–Jadcherla Road, only an hour away from the Hyderabad International Airport and the distance between the units is 5 Kms. The Company had total installed capacity of 93,264 spindles, Kalwakurthy unit has an installed capacity of 36,288 spindles with a production capacity of 30MT's per day and Urukondapet unit has an installed capacity of 56,976 spindles with a production capacity of 50MT's per day. Both the manufacturing units are certified "ISO 9001:2008".The Company had taken up the Modernization cum Expansion Project at Kalwakurthy Unit. After completion of the said project, spindle capacities increased to 1,05,000 spindles.

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economy:

Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments— together with a host of noneconomic factors, including geopolitical tensions and political discord—are generating substantial uncertainty.



On the whole, they are consistent with a subdued outlook for the world economy—but risks of much weaker global growth have also risen.

The growth of economies globally was 3.1% in 2015, and is projected for 3.2% and 3.5% for the years 2016 and 2017 respectively. (according to IMF). Vis-a-vis to global growth, India's growth was highest with 7.3% in 2015 and is projected to reach 7.5% in the year 2016.

Global production as well as consumption of cotton during the year 2015-16 is projected to be lower by ~6.7% at ~129.9 million bales and by ~3.3% at ~140.4 million bales respectively, vis- à-vis the previous estimates of the United States Department of Agriculture (USDA) in September 2015. In ICRA's view, the decline in consumption is being driven by the decline in crude oil prices, which has improved the competitiveness of polyester staple fiber (PSF) over cotton.

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

Indian Economy:

India, being 2nd largest textile manufacturer as well as fibre producer in the world accounts for 59% of world's market share in textiles and garments. With 50 million spindles accounting for 24% world's Spindles and 8% of World rotors. India is one of the world's leading and most cost efficient producers of the spun yarn. India's textiles and clothing industry is one of the mainstays of the national economy. This sector contributes 13% of the country's export earnings.

Economic growth has accelerated to 7.6 per cent in 2015-16. India hailed as a 'bright spot' amidst a slowing global economy by IMF. Foreign Exchange reserves touched highest ever level of about US \$ 350 billion.

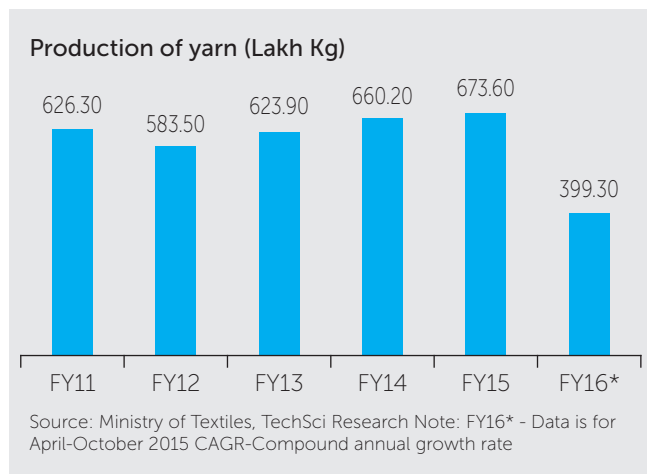
During the financial year, the production of man made fabrics stood at 0.77 million tones whereas the production of yarn Production stood at 1.34 million tonnes in FY15 with the figure reinforcing a recovery from 2009 levels. During the period of FY 07-15, production increased at a CAGR of 2.0 per cent.

Also, 14% of industrial production and 4% of GDP evolve from textile industry. India is major exporting country as far as textile sector is concerned and not dependent on import.

India also has the highest loom capacity (including hand looms) with 59% of the world's market share and accounts for about 13% of the world's production of textile fibre and yarn and is the largest producer of jute and cotton, and the second largest producer of silk.

The domestic textile and apparel industry in India is estimated to reach USD 100 Billion by 2016-17 from USD 67 Billion in 2013-14. The total fabric production in India is expected to grow to 112 Billion sq.mts by 2016-17 amounting to 10 million tonnes.

Also, India's fibre production in 2013-14 was 7 Million Tonnes and is expected to reach 10 Million Tonnes in 2016-17. While it has 2nd largest no. of looms globally, the organized mill sector contributes only 5%. India needs to upgrade its loom as well as processing machinery. We are 7th largest apparel exporter in the world with a share of 3.7% of the total apparel trade.



During the Financial Year 2015-16, production of yarn grew to 673.60 Lakh Kgs from 626.30 Lakh Kgs in Financial Year 2011, implying a CAGR of 1.8 per cent.

India is the fastest growing market and is expected to become the 3rd biggest apparel market in the world by 2025 with a total market size of around USD 500 billion as per the CII report. The domestic market is projected to go up from USD 68 billion in 2013 to USD 315 billion in 2025, and the export market is projected to grow from USD 40 billion to USD 185 billion in 2025. The segments contributing in the

growth is likely to be from technical textiles and apparels. India has a potential to double its market share in global trade from 5% to 10% by 2025.

Government Initiatives:

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The government of India has announced Rs 7500 Crores for garment industry.

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

- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.
- Subsidies on machinery and infrastructure
- The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers manufacturing of major machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement also provided to the specified technical textile machinery under RRTUFS.
- Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to Rs 40 crore (US\$ 6 million). Under this scheme the technical textile units can also avail its benefits.
- The Government of India has implemented several export promotion measures such as Focus Market Scheme, Focus Product Scheme and Market Linked Focus Product Scheme for increasing share of India's textile 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.
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.



SWOT Analysis

STRENGTHS :

Raw material base

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

Flexibility

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

Rich Heritage

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

Others:

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

WEAKNESS

I. More dependence on cotton

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

II. Spinning Sector

Spinning sector lacks modernization and there is a need of

introducing new technology.

III. Fabric Processing

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

IV. Poor Infrastructure

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

V. Others:

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

OPPORTUNITIES

I. Integration of Information technology

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

II. Opportunity in High Value Items

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

THREATS

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



OUTLOOK

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

Internal Control Systems and their Adequacy:

The Company has a well established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent personnel. In addition to statutory audit, the financial controls of the

Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of follow-up action required. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the laws and regulations that govern its business.

Discussion on Financial Performance with respect to operational performance:

The Net turnover of your Company for the Financial Year 2015–16 was Rs. 35,396 Lakhs in comparison to Rs. 37,694 Lakhs in the previous year. The production during the year was 25,795 MTS in comparison to 24,151 MTS previous year.

Your Company has earned a Profit Before Tax of Rs. 1456 Lakhs in comparison to Rs. 1917 Lakhs in the previous year. The Company earned a profit after tax of Rs. 961 Lakhs in comparison to Rs. 1265 Lakhs in the previous year inspite of losses incurred by the Indian Textile Industries across the board.

Human Resource Developments / Industrial Relations:

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

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

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



Financial Statements



Independent Auditor's Report

To
The members of
SURYALATA SPINNING MILLS LIMITED
SECUNDERABAD

Report on the Financial Statements

We have audited the accompanying financial statements of SURYALATA SPINNING MILLS LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards

on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 (3) (a) (v) of financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(K.SHRAVAN)

Partner

Membership No. 215798

Place : Hyderabad

Date : 23.05.2016

Annexure - A to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, for the year ended 31st March, 2016

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 granted unsecured loan to a Company covered in the register maintained under Section 189 of the Companies Act, 2013.
b. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan are not, prima facie, prejudicial to the interest of the Company
c. The schedule of repayment of principal and payment of interest has been stipulated between the Company and borrower and the borrower has repaid both principal and interest within agreed time.
d. There are no amounts overdue for more than ninety days as at 31st March, 2016. Accordingly, reporting under clause 3(iii)(c) of the Order does not arise.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period more than six months from the date they became payable.
b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
9. The Company did not raise any money by way of initial public offer or other public offer (Including debt instruments) and Term Loans during the year. Accordingly, paragraph 3 (IX) of the companies (Auditor's Report) order 2016 is not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year under review, the Company during the year has made a private placement of Cumulative Preference Shares and requirements of section 42 of the Companies Act, 2013 have been complied with.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(K.SHRAVAN)

Partner

Membership No. 215798

Place : Hyderabad

Date : 23.05.2016

Annexure – B to the Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD (“the Company”) as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(K.SHRAVAN)

Partner

Membership No. 215798

Place : Hyderabad

Date : 23.05.2016

Balance Sheet as at 31st March, 2016

(Figures in ₹ Lakhs)

| Particulars | Refer Note No. | As at 31.03.2016 | | As at 31.03.2015 | |
|-----------------------------------|----------------|------------------|------------------|------------------|------------------|
| I. EQUITY AND LIABILITIES | | | | | |
| 1. Shareholder's funds | | | | | |
| a) Share Capital | 1 | 961.70 | | 576.70 | |
| b) Reserves and Surplus | 2 | 8,056.98 | 9,018.68 | 7,153.95 | 7,730.65 |
| 2. Non-current liabilities | | | | | |
| a) Long-term borrowings | 3 | 4,277.17 | | 5,953.12 | |
| b) Deferred tax liabilities (Net) | | 1,642.11 | 5,919.28 | 1,547.01 | 7,500.13 |
| 3. Current liabilities | | | | | |
| a) Short-term borrowings | 4 | 2,813.18 | | 3,581.04 | |
| b) Trade payables | 5 | 356.60 | | 331.67 | |
| c) Other current liabilities | 6 | 2,776.21 | | 3,055.76 | |
| d) Short-term provisions | 7 | 621.55 | 6,567.54 | 793.47 | 7,761.94 |
| TOTAL | | | 21,505.50 | | 22,992.72 |
| II. ASSETS | | | | | |
| 1. Non-current assets | | | | | |
| a) Fixed assets | 8 | | | | |
| Tangible assets | | 13,426.04 | | 13,936.65 | |
| Capital work-in-progress | | 513.72 | | 162.11 | |
| b) Long-term loans and advances | 9 | 637.54 | 14,577.30 | 556.17 | 14,654.93 |
| 2. Current assets | | | | | |
| a) Current investments | 10 | 0.21 | | 1.11 | |
| b) Inventories | 11 | 1,822.85 | | 2,185.47 | |
| c) Trade receivables | 12 | 2,801.59 | | 3,622.53 | |
| d) Cash and cash equivalents | 13 | 59.97 | | 66.46 | |
| e) Short-term loans and advances | 14 | 636.87 | | 284.54 | |
| f) Other current assets | 15 | 1,606.71 | 6,928.20 | 2,177.68 | 8,337.79 |
| TOTAL | | | 21,505.50 | | 22,992.72 |

As Per Our Report of even date

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

for and on behalf of the Board

K. SHRAVAN
Partner
Membership No. 215798

M. PRAMEELA RANI
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : Secunderabad
Date : 23rd May, 2016

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Statement of Profit and Loss for the Year ended 31st March, 2016

(Figures in ₹ Lakhs)

| Particulars | Refer Note No. | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|---|----------------|----------------------------|-----------------------------|
| INCOME | | | |
| I. Revenue from operations | 16 | 35,369.45 | 36,541.13 |
| II. Other Income | 17 | 314.18 | 1,628.90 |
| III. Total Revenue (I+II) | | 35,683.63 | 38,170.03 |
| IV. EXPENSES | | | |
| Cost of Raw material Consumed | 18 | 23,249.74 | 24,389.62 |
| Purchases of stock-in-trade | | - | 945.53 |
| Changes in inventories of finished goods, work in Process and stock-in-trade | 19 | 73.54 | 179.58 |
| Employee benefits expense | 20 | 2,135.23 | 2,055.85 |
| Finance costs | 21 | 915.01 | 1,070.29 |
| Depreciation and amortization expense | 22 | 810.68 | 868.44 |
| Other expenses | 23 | 7,043.74 | 6,743.65 |
| Total expenses | | 34,227.94 | 36,252.96 |
| V. Profit before tax | | 1,455.69 | 1,917.07 |
| VI. Tax expense: | | | |
| Current year Income Tax | | 400.00 | 482.00 |
| Deferred tax | | 95.10 | 170.00 |
| Sub-Total - Tax expense : | | 495.10 | 652.00 |
| VII. Profit for the year, after tax | | 960.59 | 1,265.07 |
| VIII. Earnings per equity share | | | |
| (1) Basic | | 21.88 | 28.14 |
| (2) Diluted | | | |
| Accounting Policies and Notes to Accounts | 24 | | |

As Per Our Report of even date

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

for and on behalf of the Board

K. SHRAVAN
Partner
Membership No. 215798

M. PRAMEELA RANI
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : Secunderabad
Date : 23rd May, 2016

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Cash Flow Statement for the Year ended 31st March, 2016

(Figures in ₹ Lakhs)

| Particulars | Year ended 31.03.2016 | | Year ended 31.03.2015 | |
|--|--------------------------|-----------------|--------------------------|-------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax | | 1,455.69 | | 1,917.07 |
| Add : Depreciation | 810.68 | | 868.44 | |
| Finance Charges | 828.77 | | 1,074.14 | |
| (Profit)/Loss on sale of Assets (net) | (2.20) | 1,637.25 | (15.06) | 1,927.52 |
| | | 3,092.94 | | 3,844.59 |
| Less : Interest earned | 52.14 | | 44.59 | |
| Rent Received | 0.87 | | 0.96 | |
| Dividend received | 0.02 | | 0.01 | |
| Direct Taxes paid | 517.06 | 570.09 | 349.75 | 395.31 |
| Operating Profit before working capital changes | | 2,522.85 | | 3,449.28 |
| Add : Decrease/(Increase) in Inventories | 362.63 | | (12.20) | |
| Decrease/(Increase) in Receivables | 820.94 | | (115.28) | |
| Decrease/(Increase) in Loans & Advances | 316.67 | | 525.87 | |
| (Decrease)/Increase in Current Liabilities | (16.39) | 1,483.85 | (1,865.30) | (1,466.91) |
| Net Cash flow from Operating activity (A) | | 4,006.70 | | 1,982.37 |
| B CASHFLOW FROM INVESTING ACTIVITIES | | | | |
| INFLOW: | | | | |
| Sale of Assets(net of taxes) | 6.00 | | 30.36 | |
| Interest Received | 48.99 | | 36.44 | |
| Rent Received | 0.87 | | 0.96 | |
| Dividend received | 0.02 | 55.88 | 0.01 | 67.77 |
| OUTFLOW: | | | | |
| Acquisition of fixed assets including Capital Work in Progress | (655.48) | | (1,537.89) | |
| (Increase)/Decrease in Advance for Capital equipment | (174.68) | | (84.35) | |
| (Increase)/ Decrease in Investments | 0.90 | (829.26) | (1.00) | (1,623.24) |
| Net Cash flow from Investing activity (B) | | (773.38) | | (1,555.47) |

Cash Flow Statement (contd.) for the Year ended 31st March, 2016

(Figures in ₹ Lakhs)

| Particulars | As at | | As at | |
|---|------------|-------------------|------------|-----------------|
| | 31.03.2016 | | 31.03.2015 | |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| INFLOW: | | | | |
| Equity Share money including premium | - | | 780.00 | |
| Preference Share money | 385.00 | | - | |
| Term Loans Received | 325.00 | | 2,338.70 | |
| Deposits Received | - | | 5.00 | |
| Unsecured Loans received | 564.25 | | 465.00 | |
| Increase/(decrease) in Bank Borrowings | (950.86) | 323.39 | 512.91 | 4,101.61 |
| OUTFLOW: | | | | |
| Redemption of Preference share capital | - | | 586.48 | |
| Repayment of Term loans | 2,039.83 | | 2,144.65 | |
| Dividends Paid | 130.47 | | 109.76 | |
| Repayment of Hire Purchase loans | 21.58 | | 33.10 | |
| Deposits Repaid | - | | 155.00 | |
| Repayment of Unsecured loans | 381.25 | | 383.00 | |
| Repayment of sales tax loans | 143.48 | | 65.95 | |
| Interest Paid | 846.59 | 3,563.20 | 1,081.89 | 4,559.83 |
| Net Cash flow from financing activities ('C) | | (3,239.81) | | (458.22) |
| Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C) | | (6.49) | | (31.32) |
| Add: Cash/Cash equivalents at the beginning of the year | | 66.46 | | 97.78 |
| Cash/Cash equivalents at the end of the year | | 59.97 | | 66.46 |

As Per Our Report of even date

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

for and on behalf of the Board

K. SHRAVAN
Partner
Membership No. 215798

M. PRAMEELA RANI
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : Secunderabad
Date : 23rd May, 2016

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

Notes Forming Part of the Financial Statements

| Particulars | 31.03.2016 | | 31.03.2015 | |
|---|------------|-----------------|------------|-----------------|
| | Number | ₹ In Lakhs | Number | ₹ In Lakhs |
| NOTE 1 : SHARE CAPITAL | | | | |
| Authorised | | | | |
| Equity Shares of ₹10/- each | 50,00,000 | 500.00 | 50,00,000 | 500.00 |
| Pref Shares of ₹100/- each | 12,00,000 | 1,200.00 | 12,00,000 | 1,200.00 |
| | | 1,700.00 | | 1,700.00 |
| Issued, Subscribed and Paid up | | | | |
| Equity Shares of ₹10/- each fully paid up | 42,67,000 | 426.70 | 42,67,000 | 426.70 |
| 7% Cum Redeemable Pref Shares of ₹100/- each (Series -IX) | 1,50,000 | 150.00 | 1,50,000 | 150.00 |
| 8% Cum Redeemable Pref Shares of ₹100/- each (Series - X) | 3,85,000 | 385.00 | 0 | 0 |
| | | 961.70 | | 576.70 |

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

| Particulars | Equity Shares ₹ 10/- each | | Preference Shares ₹ 100/- each | |
|---|------------------------------|------------|-----------------------------------|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| Shares Outstanding at the beginning of the year | 42,67,000 | 36,67,000 | 1,50,000 | 7,36,484 |
| Shares Issued during the year * | N.A. | 6,00,000 | 3,85,000 | N.A. |
| Shares redeemed / bought back during the year | N.A. | N.A. | N.A. | 5,86,484 |
| Shares outstanding at the end end of the year | 42,67,000 | 42,67,000 | 5,35,000 | 1,50,000 |

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

| Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|------------------------|-----------------------|--------------|-----------------------|--------------|
| | No.of shares held | % of Holding | No.of shares held | % of Holding |
| Vithaldas Agarwal | 8,18,844 | 19.19 | 10,58,844 | 24.81 |
| Mahender Kumar Agarwal | 12,47,133 | 29.23 | 10,07,133 | 23.60 |
| Madhavi Agarwal | 6,64,161 | 15.57 | 6,64,161 | 15.57 |

Details of Non convertible redeemable preference shares

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

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| NOTE 2 : RESERVES AND SURPLUS | | |
| a. Capital Reserve (Subsidy) | | |
| At the Commencement of the year | 15.00 | 15.00 |
| Closing Balance | 15.00 | 15.00 |
| b. Capital Redemption Reserve | | |
| At the commencement of the year | 1,057.35 | 470.87 |
| Add: Transfer from Preferential capital Redemption Reserve | - | 586.48 |
| Closing Balance | 1,057.35 | 1,057.35 |
| c. Preference Capital Redemption Reserve | | |
| At the commencement of the year | 150.00 | 736.48 |
| Less: Transfer to Capital Redemption Reserve | - | 586.48 |
| Add: Transfer from Reserves & Surplus | 385.00 | - |
| Closing Balance | 535.00 | 150.00 |
| d. Other Reserves : | | |
| i) General Reserve | | |
| At the commencement of the year | 3,610.00 | 2,610.00 |
| Add: Transfer from Surplus | 500.00 | 1,000.00 |
| Closing Balance | 4,110.00 | 3,610.00 |
| ii) Security Premium | | |
| At the commencement of the year | 1,288.20 | 568.20 |
| Add: Current year | - | 720.00 |
| Closing Balance | 1,288.20 | 1,288.20 |
| e. SURPLUS : | | |
| At the commencement of the year | 1,033.40 | 924.89 |
| Add: Current year profit | 960.59 | 1,265.07 |
| Closing Balance | 1,993.99 | 2,189.96 |
| Less : Equity Dividend | 25.29 | 76.81 |
| Preference Dividend | 22.53 | 53.66 |
| Corporate Dividend tax | 9.74 | 26.09 |
| Transfer to Preference shares redemption reserve | 385.00 | - |
| Transfer to General reserve | 500.00 | 1,000.00 |
| Closing Balance | 1,051.43 | 1,033.40 |
| Grand Total (a+b+c+d+e) | 8,056.98 | 7,153.95 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| NOTE 3 : LONG TERM BORROWINGS | | |
| SECURED | | |
| a) Term loans Under TUFs from Banks | | |
| 1) Industrial Development Bank of India | | |
| a) Term Loan - URKD (TFO) | 278.46 | 404.62 |
| b) Term Loan - URKD (Expn-2) | 900.00 | 1,500.00 |
| c) WC TL - URKD (Expn-2) | 125.00 | 225.00 |
| d) Term Loan - URKD | 850.00 | 1,000.00 |
| 2) State Bank of India | | |
| a) Term Loan - URKD (Expn-1) | 53.28 | 124.24 |
| b) Term Loan - URKD (Expn-2) | 300.00 | 540.00 |
| c) FCNB(C&I)\$ TL-SBI-1000L | 607.15 | 863.70 |
| Total | 3,113.89 | 4,657.56 |

Appendix:

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

Terms of Repayment:

| Particulars | Sanction Date | Rate of Interest | Quarterly Instalments |
|--|---------------|------------------|-----------------------|
| 1) Industrial Development Bank of India | | | |
| a) Term Loan - URKD (TFO) | 10.03.2010 | 13.25% | 9 |
| b) Term Loan - URKD (Expn-2) | 24.08.2011 | 12.75% | 6 |
| c) WC TL - URKD (Expn-2) | 03.01.2013 | 13.75% | 5 |
| d) Term Loan - URKD | 04.08.2014 | 13.25% | 17 |
| 2) State Bank of India | | | |
| a) Term Loan - URKD (Expn-1) | 24.08.2009 | 12.75% | 3 |
| b) Term Loan - URKD (Expn-2) | 24.08.2011 | 12.70% | 5 |
| c) FCNB(C&I)\$ TL-SBI-1000L | 27.11.2014 | 4.42% | 12 |

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------|---------------------|---------------------|
| b) Other loans and advances | | |
| Vehicle Hire Purchase Loans | 10.10 | 30.91 |
| Total | 10.10 | 30.91 |

Terms of Repayment : Monthly instalments

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

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| NOTE 3 : LONG TERM BORROWINGS (contd.) | | |
| c) Unsecured | | |
| Other Long Term Borrowings | | |
| (l) Loans and advances | | |
| From Bodies Corporate | 5.11 | 5.11 |
| Total | 5.11 | 5.11 |
| d) Sales Tax Loans (Deferment) | 1,148.07 | 1,259.54 |
| Total | 1,148.07 | 1,259.54 |
| Total (a+b+c+d) | 4,277.17 | 5,953.12 |

The Salestax loans (deferment) liability amounting to ₹1,148.07 Lakhs shown under unsecured loans above, is due for repayment as under.

| Year | Amount | Repayment of Year |
|--------------|-----------------|----------------------|
| 2003-04 | 90.85 | 01.04.2018 |
| 2004-05 | 86.88 | 01.04.2019 |
| 2005-06 | 176.57 | 01.04.2020 |
| 2006-07 | 162.92 | 01.04.2021 |
| 2007-08 | 113.16 | 01.04.2022 |
| 2008-09 | 110.78 | 01.04.2023 |
| 2009-10 | 94.83 | 01.04.2024 |
| 2010-11 | 92.53 | 01.04.2025 |
| 2011-12 | 87.49 | 01.04.2026 |
| 2012-13 | 82.62 | 01.04.2027 |
| 2013-14 | 49.44 | 01.04.2028 |
| Total | 1,148.07 | |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| NOTE 4 : SHORT TERM BORROWINGS | | |
| a) Secured | | |
| Loans repayable on demand from banks | | |
| I) State Bank of India | | |
| Cash Credit | 1,918.66 | 2,399.77 |
| SLC Against export gold card scheme | 47.75 | 432.27 |
| Export Packing Credit | 223.54 | - |
| II) IDBI Bank Ltd | | |
| Cash Credit | 323.23 | 632.00 |
| Total | 2,513.18 | 3,464.04 |
| * Working Capital loans from bank referred to in (a) above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company. | | |
| b) UnSecured | | |
| i) Loans from Directors | 300.00 | 117.00 |
| Total | 300.00 | 117.00 |
| Total (a+b) | 2,813.18 | 3,581.04 |

NOTE 5 : TRADE PAYABLES

| | | |
|--|---------------|---------------|
| A) SUNDRY CREDITORS | | |
| - Due to Micro, Small and Medium Enterprises | 173.76 | 172.27 |
| - Others | 182.84 | 159.40 |
| Total | 356.60 | 331.67 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| NOTE 6 : OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term debt- | | |
| -Term Loans under TUFs from Banks | | |
| 1) Industrial Development Bank of India | | |
| a) Term Loan - URKD | - | 419.82 |
| b) Addl. Term Loan - URKD | - | 37.50 |
| c) Term Loan - URKD (TFO) | 126.16 | 40.00 |
| d) Term Loan - URKD (New project) | 600.00 | 600.00 |
| e) WCTL Loan - URKD (Non-TUFs) | 100.00 | 100.00 |
| f) Rupee Term Loan - URKD | 150.00 | - |
| 2) State Bank of India | | |
| a) Term Loan - URKD (Expn-1) | 70.96 | 70.96 |
| b) Term Loan - URKD (New project) | 240.00 | 240.00 |
| c) FCNB Loan (Non-TUFs) | 200.00 | 150.00 |
| | 1,487.12 | 1,658.28 |
| Advances received against sales | 87.97 | 30.04 |
| Unclaimed dividends | 7.05 | 5.85 |
| Vehicle Hire Purchase Loans | 20.80 | 21.58 |
| Salestax Loans (Deferment) | 111.47 | 143.48 |
| Interest Accrued and due | 52.95 | 70.76 |
| Sundry Creditors for : Expenses | 920.59 | 1,035.16 |
| " : Other Finance | 60.44 | 62.11 |
| " : Capital Expenditure | 27.82 | 28.50 |
| Total | 2,776.21 | 3,055.76 |

NOTE 7 : SHORT TERM PROVISIONS

| | | |
|---|---------------|---------------|
| a) Provision for employee benefits | | |
| Salary and Wages | 167.31 | 144.79 |
| Contribution to PF & ESI | 15.17 | 14.51 |
| Gratuity Fund | 62.84 | 70.80 |
| Leave Encashment | 36.16 | 36.54 |
| Bonus Payable | 63.94 | 62.99 |
| b) Others (Specify nature) | | |
| Provisions for Income Tax (net) | 218.57 | 307.28 |
| Proposed Equity Shares Dividend | 25.29 | 76.81 |
| Proposed Preference Shares Dividend | 22.53 | 53.66 |
| Corporate Dividend Tax | 9.74 | 26.09 |
| Total | 621.55 | 793.47 |

Notes Forming Part of the Financial Statements

NOTE 8 : FIXED ASSETS

(Figures in ₹ Lakhs)

| Description | Gross Block | | | Depreciation | | | Net Block | |
|--------------------------------------|---------------------|---------------|---------------|---------------------|--------------------|-----------------|--------------------|---------------------|
| | As at 01.04.2015 | Additions | Deductions | As at 31.03.2016 | Upto 01.04.2015 | For the Year | Upto 31.03.2016 | As at 31.03.2015 |
| | | | | | | | | |
| Land | 191.79 | 6.36 | - | 198.15 | - | - | - | 191.79 |
| Factory Buildings | 3,185.76 | - | - | 3,185.76 | 676.75 | 104.44 | 781.19 | 2,509.01 |
| Non Factory Buildings | 1,013.66 | - | - | 1,013.66 | 138.59 | 16.86 | 155.45 | 875.07 |
| Plant & Machinery | 14,548.97 | 228.44 | 39.43 | 14,737.98 | 5,246.50 | 483.11 | 5,693.98 | 9,302.47 |
| Testing Equipment | 89.75 | - | - | 89.75 | 61.26 | 8.72 | 69.98 | 28.49 |
| Electrical Installations | 975.50 | - | - | 975.50 | 477.62 | 116.37 | 593.99 | 497.88 |
| Data Processing Equipment | 63.99 | 0.19 | - | 64.18 | 57.89 | 1.64 | 59.53 | 6.10 |
| Workshop Equipment | 24.84 | - | - | 24.84 | 12.91 | 1.64 | 14.55 | 11.93 |
| Weighing Machinery | 13.18 | 0.52 | - | 13.70 | 10.59 | 0.34 | 10.93 | 2.59 |
| Water Works | 11.45 | 2.36 | - | 13.81 | 9.80 | 0.80 | 10.60 | 1.65 |
| Material Handling Equipment | 371.54 | 60.84 | - | 432.38 | 69.61 | 28.32 | 97.93 | 301.93 |
| Furniture & Fixtures | 101.73 | 1.07 | - | 102.80 | 45.10 | 9.93 | 55.03 | 56.63 |
| Office Equipment | 74.17 | 4.09 | - | 78.26 | 51.63 | 8.47 | 60.10 | 22.54 |
| Vehicles | 235.00 | - | - | 235.00 | 106.43 | 30.04 | 136.47 | 128.57 |
| Add: Capital work in Progress | 20,901.33 | 303.87 | 39.43 | 21,165.77 | 6,964.68 | 810.68 | 7,739.73 | 13,936.65 |
| | 162.11 | 640.89 | 289.28 | 513.72 | - | - | - | 162.11 |
| Total | 21,063.44 | 944.76 | 328.71 | 21,679.49 | 6,964.68 | 810.68 | 7,739.73 | 14,098.76 |
| Less: Internal Transfers | - | 289.28 | 289.28 | - | - | - | - | - |
| Total | 21,063.44 | 655.48 | 39.43 | 21,679.49 | 6,964.68 | 810.68 | 7,739.73 | 14,098.76 |
| Previous Year 2014-15 | 19,616.91 | 1,537.89 | 91.36 | 21,063.44 | 6,172.30 | 868.44 | 6,964.68 | 13,444.61 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| NOTE 9 : LONG TERM LOANS AND ADVANCES | | |
| Deposits Recoverable | | |
| (Un Secured considered good) | 637.54 | 556.17 |
| (Telephone, TSSPDCL & Other Deposits) | | |
| Total | 637.54 | 556.17 |

NOTE 10 : CURRENT INVESTMENTS

| | | |
|--|-------------|-------------|
| <u>At Cost Unquoted - Non traded</u> | | |
| National Saving Certificate (Pledged with Sales Tax Department) | 0.01 | 0.01 |
| Investment in Equity Instruments | | |
| <u>At Cost - Quoted -Traded</u> | | |
| 800 Equity Shares in UCO Bank of ₹10/-, with Premium ₹2/-,each (Market Value ₹30,920/-, Previous Year ₹51,520/-) | 0.10 | 0.10 |
| <u>At Cost Unquoted - Non traded</u> | | |
| 999 Equity Shares in YP Solar P Ltd of ₹10/- each | 0.10 | 1.00 |
| Total | 0.21 | 1.11 |

NOTE 11 : INVENTORIES

| | | |
|---|-----------------|-----------------|
| (As certified by the management) | | |
| a) Raw Materials (Valued at lower of cost or net realisable value basis) | 532.85 | 803.55 |
| b) Stores & Spares (Valued at cost on weighted average basis) | 201.46 | 219.86 |
| c) Finished Goods (including Consignment Stocks) (Valued at lower of cost or net realisable value basis) | 744.14 | 919.84 |
| d) Stocks-in-process (Valued at cost) | 343.28 | 240.17 |
| e) Waste (at realisable value) | 1.12 | 2.05 |
| Total | 1,822.85 | 2,185.47 |
| * Details of Raw Materials : | | |
| Polyster Staple Fibre | 388.80 | 407.75 |
| Viscose Staple Fibre | 144.05 | 395.80 |
| Total | 532.85 | 803.55 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| NOTE 12 : TRADE RECEIVABLES | | |
| Receivables for a period exceeding six months | 42.62 | 112.43 |
| Receivables for a period less than six months (Unsecured and considered good) | 2,758.97 | 3,510.10 |
| Total | 2,801.59 | 3,622.53 |

NOTE 13 : CASH AND CASH EQUIVALENTS

| | | |
|---|--------------|--------------|
| a) Cash on Hand | 9.65 | 9.36 |
| b) Balances with Banks | | |
| With Scheduled Banks | 10.41 | 22.89 |
| c) Balance with Banks against Dividends payments | 7.05 | 5.84 |
| d) Fixed deposits with Banks | 32.85 | 28.36 |
| e) With Post Office Savings Bank (Pledged with Central Excise Dept) | 0.01 | 0.01 |
| Total | 59.97 | 66.46 |

NOTE 14 : SHORT TERM LOANS AND ADVANCES

| | | |
|--------------------------------------|---------------|---------------|
| a) Advances for Capital Works | 338.95 | 164.96 |
| b) Advances for Suppliers & Expenses | 258.06 | 84.28 |
| c) Advances to Staff & Workers | 17.25 | 14.96 |
| d) Tax Deducted at Source | 22.61 | 20.34 |
| Total | 636.87 | 284.54 |

NOTE 15 : OTHER CURRENT ASSETS

| | | |
|--|-----------------|-----------------|
| a) Terminal Excise Duty Receivable | 19.63 | 93.95 |
| b) TUF Rebate receivable from Banks | 351.06 | 216.60 |
| c) State Incentive Receivables | 1,036.67 | 830.47 |
| d) Export Benefit entitlement Receivable | 100.99 | 959.35 |
| e) Rent Receivable | 0.07 | 0.08 |
| f) Cenvat benefit entitlement | 15.46 | 2.62 |
| g) Interest receivable | 49.40 | 46.25 |
| h) Prepaid Expenses | 33.43 | 28.36 |
| Total | 1,606.71 | 2,177.68 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|-----------------------------------|----------------------------|-----------------------------|
| NOTE 16 : SALE OF PRODUCTS | | |
| Yarn | 35,339.70 | 37,638.68 |
| Waste / Scrap | 55.88 | 55.25 |
| Total Sales : | 35,395.58 | 37,693.93 |
| Less : Excise Duty | 26.13 | 1,152.80 |
| Total | 35,369.45 | 36,541.13 |

NOTE 17 : OTHER INCOME

| | | |
|--|---------------|-----------------|
| Interest earned | 52.14 | 44.59 |
| Dividend Received | 0.02 | 0.01 |
| Miscellaneous Income | 2.19 | 1.53 |
| Profit on sale of Investments / Assets (Net) | 2.20 | 15.06 |
| Export Benefit entitlements | 256.09 | 1,566.75 |
| Prior Period Income | 1.54 | 0.96 |
| Total | 314.18 | 1,628.90 |

NOTE 18 : RAW MATERIAL CONSUMED

| | | |
|---|------------------|------------------|
| Opening Stock | 803.55 | 645.33 |
| Add: Purchases | 23,029.28 | 24,547.84 |
| | 23,832.83 | 25,193.17 |
| Less : Sale of raw material | 50.24 | - |
| Less: Closing Stock | 532.85 | 803.55 |
| Total Cost of Raw materials consumed : | 23,249.74 | 24,389.62 |

Imported and Indigeneous Raw Materials consumed :

| Particulars | 2015-16 | | 2014-15 | |
|--------------|----------------|------------------|----------------|------------------|
| | | | | |
| Indigeneous | 100.00% | 23,249.74 | 98.30% | 23,976.09 |
| Imported | | | 1.70% | 413.53 |
| Total | 100.00% | 23,249.74 | 100.00% | 24,389.62 |

Details of Raw Material Consumed :

| | | |
|-----------------------|------------------|------------------|
| Polyster Staple Fibre | 19,352.30 | 20,704.14 |
| Viscose Staple Fibre | 3,897.44 | 3,685.48 |
| Total | 23,249.74 | 24,389.62 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|---|----------------------------|-----------------------------|
| NOTE 19 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS | | |
| (INCREASE)/ DECREASE IN STOCKS | | |
| OPENING STOCKS | | |
| Yarn | 919.85 | 977.93 |
| Stock in process | 240.18 | 362.61 |
| Waste | 2.05 | 1.12 |
| | 1,162.08 | 1,341.66 |
| CLOSING STOCKS | | |
| Yarn | 744.14 | 919.85 |
| Stock in process | 343.28 | 240.18 |
| Waste | 1.12 | 2.05 |
| | 1,088.54 | 1,162.08 |
| (Increase)\ Decrease in Stocks | 73.54 | 179.58 |

NOTE 20 : EMPLOYEE BENEFITS EXPENSE

| | | |
|---|-----------------|-----------------|
| a) Salaries, Wages and Bonus | 1,763.15 | 1,651.77 |
| b) Contribution to Provident Fund | 133.27 | 122.05 |
| c) Contribution to Employee State Insurance | 51.43 | 50.69 |
| d) Contribution to Group Insurance (EDLI) | 12.25 | 5.79 |
| e) Staff welfare expenses | 96.03 | 125.88 |
| f) Gratuity | 79.10 | 99.67 |
| Total | 2,135.23 | 2,055.85 |

NOTE 21 : FINANCE COSTS

| | | |
|--|---------------|-----------------|
| Interest on term loans | 404.44 | 650.32 |
| Interest on others | 424.33 | 423.82 |
| Net gain/loss on foreign currency transactions & translation | 50.85 | (71.76) |
| Bank charges | 35.39 | 67.91 |
| Total | 915.01 | 1,070.29 |

NOTE 22 : DEPRECIATION AND AMORTISATION EXPENSE

| | | |
|--------------|---------------|---------------|
| Depreciation | 810.68 | 868.44 |
| Total | 810.68 | 868.44 |

Notes Forming Part of the Financial Statements

(Figures in ₹ Lakhs)

| Particulars | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|---|----------------------------|-----------------------------|
| NOTE 23 : OTHER EXPENSES | | |
| <u>Stores consumed</u> | | |
| Stores and Spares | 458.53 | 455.35 |
| Packing Material | 433.40 | 469.74 |
| <u>Power and Fuel</u> | | |
| Electricity charges | 3,798.53 | 3,338.02 |
| Power Line Charges | - | 99.23 |
| <u>Repairs to</u> | | |
| Buildings | 33.60 | 34.82 |
| Machinery | 390.95 | 223.02 |
| Others | 7.28 | 13.38 |
| <u>Sales Expenses</u> | | |
| Sales Tax | 642.88 | 494.00 |
| Commission on Sales | 39.24 | 143.05 |
| Freight & Others - Domestic Sales | 549.65 | 432.04 |
| Freight & Others - Export Sales | 88.84 | 463.82 |
| <u>Payments to Auditors</u> | | |
| As Auditors | 1.14 | 1.12 |
| for Tax Audit | 0.29 | 0.28 |
| for Certification | 0.69 | 1.03 |
| for Tax Representation | 0.46 | - |
| for Cost Auditors | - | 0.25 |
| Rates and Taxes | 22.22 | 31.58 |
| Printing and Stationery | 9.13 | 9.56 |
| Postage, Telegrams and Telephones | 12.44 | 15.27 |
| Travelling, Conveyance and Vehicle expenses | 113.06 | 92.44 |
| Insurance | 27.26 | 28.38 |
| Managerial Remuneration | 178.71 | 172.06 |
| Directors sitting fees | 1.24 | 1.23 |
| Professional charges | 17.49 | 12.55 |
| Office Maintenance | 150.42 | 135.07 |
| Miscellaneous expenses | 65.38 | 72.94 |
| Donations | 0.91 | 3.42 |
| Total | 7,043.74 | 6,743.65 |

Imported and Indigeneous Stores & Spare parts consumed :

| Particulars | 2015-16 | | 2014-15 | |
|--------------|----------------|---------------|----------------|---------------|
| Indigeneous | 81.05% | 371.62 | 81.91% | 372.97 |
| Imported | 18.95% | 86.91 | 18.09% | 82.38 |
| Total | 100.00% | 458.53 | 100.00% | 455.35 |

Notes Forming Part of the Financial Statements

NOTE : 24

1. Background and nature of operation:

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

2 Significant Accounting Policies :

a) Basis of Accounting :

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

b) Use of Estimates :

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

c) Fixed Assets :

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

d) Inventories :

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

e) Investments :

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

f) Foreign Exchange Transactions :

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

g) Contingent Liabilities and Provisions :

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

h) Retirement Benefits :

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

i) Accounting for Income Tax :

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

Notes Forming Part of the Financial Statements

NOTE : 24 (contd.)

j) Deferred Income Tax :

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

k) Revenue Recognition:

i. Sales of Manufactured Goods:

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

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

ii. Recognition of Export benefits:

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

3. Notes on accounts annexed to and forming part of the accounts for the year ended 31st March, 2016

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| a. Contingent Liabilities not provided for on account of : | | |
| i) Contracts to be executed on capital projects. | 1140.80 | 46.02 |
| ii) Bank Guarantee | 1.90 | 1.90 |
| iii) Bills discounted against LC's | Nil | Nil |
| iv) Inland LC's | Nil | Nil |
| v) 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 @ Rs 0.99 per unit may not arise. | 68.00 | Nil |
| | 1210.70 | 47.92 |
| b. Earnings in Foreign Exchange FOB Value of Exports | 1711.98 | 4,026.11 |
| c. Expenditure in Foreign Currency during the year on account of : | | |
| i) Commission on Export Sales | 14.63 | 35.91 |
| ii) Foreign Travel (Excluding tickets purchased in India) | 25.79 | 7.63 |
| | 40.42 | 43.54 |
| d. Value of Imports calculated on CIF basis in respect of : | | |
| i) Plant and Machinery - Imported (CIF Value) | Nil | 286.21 |
| ii) Raw materials (CIF Value) | Nil | 413.53 |
| iii) Stores and Spares (CIF Value) | 78.93 | 73.54 |
| | 78.93 | 773.28 |
| e. Composition of Net Deferred Tax Liability | | |
| Deferred Tax Liabilities | | |
| Depreciation | 1,620.75 | 1,510.52 |
| Deferred Tax Assets | | |
| Provision for Gratuity | 21.36 | 36.49 |
| Deferred Tax Liability (Net) | 1,642.11 | 1,547.01 |

Notes Forming Part of the Financial Statements

NOTE : 24 (contd.)

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| f. Basic Earnings Per Share as per Accounting Standard No .29 | | |
| Profit after Tax | 960.59 | 1,265.07 |
| Less : Dividend on Preference Share Capital with dividend tax there on | 27.12 | 64.39 |
| | 933.47 | 1,200.68 |
| Weighted average Number of Equity Shares | 42.67 | 42.67 |
| Diluted Number of Equity Shares | 42.67 | 42.67 |
| Basic Earnings per share | ₹21.88 | ₹28.14 |
| Diluted Earnings per share | ₹21.88 | ₹28.14 |

g. Related party disclosure

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

i) Transactions during the year

(Figures in ₹ Lakhs)

| Name of the party | Relationship | Nature of Transaction | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|---|------------------------|-----------------------------|----------------------------|-----------------------------|
| Shri Vithaldas Agarwal Managing Director | Key Management | a) Remuneration | 33.00 | 33.00 |
| | | b) Interest (Gross) | 27.81 | 6.41 |
| | | c) Unsecured Loan Repaid | 125.00 | 170.00 |
| | | d) Commission | 31.09 | 39.89 |
| | | e) Unsecured Loan Received | 300.00 | 210.00 |
| | | f) Share App Money Received | 125.00 | Nil |
| Shri M K Agarwal Joint Managing Director | Key Management | a) Remuneration | 38.93 | 38.87 |
| | | b) Interest (Gross) | 10.92 | 5.06 |
| | | c) Unsecured Loan Repaid | 154.25 | 90.00 |
| | | d) Commission | 31.09 | 39.89 |
| | | e) Unsecured Loan Received | 147.25 | 117.00 |
| | | f) Share App Money Received | 140.00 | Nil |
| Shri Yash Agarwal Executive Director | Key Management | a) Remuneration | Nil | 11.86 |
| | | b) Interest (Gross) | Nil | 0.12 |
| | | c) Unsecured Loan Repaid | Nil | 10.00 |
| | | d) Unsecured Loan Received | Nil | 10.00 |
| Smt Madhavi Agarwal Executive Director | Key Management | a) Remuneration | 29.05 | 8.55 |
| | | b) Interest (Gross) | 5.59 | 1.99 |
| | | c) Unsecured Loan Repaid | 102.00 | 113.00 |
| | | d) Commission | 15.54 | Nil |
| | | e) Unsecured Loan Received | 117.00 | 128.00 |
| | | f) Share App Money Received | 105.00 | Nil |
| M K Agarwal – HUF | Key Management | a) Share App Money Received | 15.00 | Nil |
| Suryaamba Spinning Mills Ltd | MD Son is Director | a) Purchase of Yarn | Nil | 549.43 |
| Suryalakshmi Cotton Mills Ltd | MD Brother is Director | a) Purchase of Yarn | Nil | 268.52 |
| | | b) Un Secured Loan given | 100.00 | Nil |

Notes Forming Part of the Financial Statements

NOTE : 24 (contd.)

i) Transactions during the year

(Figures in ₹ Lakhs)

| Name of the party | Relationship | Nature of Transaction | Current Year 31.03.2016 | Previous Year 31.03.2015 |
|--------------------------|-------------------------------|---------------------------------|----------------------------|-----------------------------|
| YP Solar Power P Ltd | Subsidiary Company | a) Investment | Nil | 1.00 |
| | - Ceased w.e.f. 18.03.2016 | b) Investment Withdrawn | 0.90 | Nil |
| Padmaja Polymers Pvt Ltd | Common Director | a) Purchase of Packing Material | 20.63 | 45.21 |

ii) Payable as at 31.03.2016

(Figures in ₹ Lakhs)

| Name of the party | Relationship | Nature of Transaction | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------|----------------|-----------------------|---------------------|---------------------|
| Shri Vithaldas Agarwal | Key Management | a) Remuneration (Net) | 2.11 | 4.76 |
| Managing Director | | b) Interest (net) | 11.11 | 4.52 |
| | | c) Unsecured Loan | 230.00 | 55.00 |
| | | d) Commission | 31.09 | 39.89 |
| Shri M K Agarwal | Key Management | a) Remuneration (Net) | 3.96 | 5.15 |
| Joint Managing Director | | b) Interest (net) | 4.32 | 4.44 |
| | | c) Unsecured Loan | 40.00 | 47.00 |
| | | d) Commission | 31.09 | 39.89 |
| Smt Madhavi Agarwal | Key Management | a) Remuneration (Net) | 1.44 | 8.30 |
| Executive Director | | b) Interest (Net) | 0.64 | 1.79 |
| | | c) Unsecured Loan | 30.00 | 15.00 |
| | | d) Commission | 15.54 | Nil |

h. Employee benefits : Gratuity

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

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

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| i Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 334.43 | 252.02 |
| Interest cost | 21.11 | 11.60 |
| Current Service Cost | 62.83 | 70.81 |
| Benefits Paid | 40.55 | Nil |
| Actuarial gain / (Loss) on obligations | Nil | Nil |
| Present value of obligations as at end of year | 377.82 | 334.43 |

Notes Forming Part of the Financial Statements

NOTE : 24 (contd.)

(Figures in ₹ Lakhs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| ii Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 263.62 | 136.27 |
| Expected return on plan assets | 21.10 | 10.90 |
| Contributions | 70.80 | 115.75 |
| Benefits Paid | 40.55 | Nil |
| Actuarial gain / (Loss) on Plan assets | 0.01 | 0.70 |
| Fair value of plan assets at the end of year | 314.98 | 263.62 |
| iii. Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 263.62 | 136.27 |
| Actual return on plan assets | 21.10 | 10.90 |
| Contributions | 70.80 | 115.75 |
| Benefits Paid | 40.55 | Nil |
| Actuarial gain / (Loss) on Plan assets | 0.01 | 0.70 |
| Fair value of plan assets at the end of year | 314.98 | 263.62 |
| Funded status | (62.83) | (70.80) |
| Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March) | Nil | Nil |
| iv. Assumptions | | |
| Discount rate | 8% | 8% |
| Rate of return on assets | 8% | 8% |
| Salary Escalation | 8% F5Y & 5%TA | 8% F5Y & 5%TA |

- i. In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- j. The company has opted for Drawback scheme on payment of excise duty for exports by availing cenvat credit on inputs for exports under Notification no:29/2004 (CE) dated 09.07.2004 during the period 01.04.2015 to 30.04.2015, thereafter the company has opted for Drawback scheme without payment of excise duty for exports by not taking cenvat credit on inputs for exports under Notification no :30/2004 (CE) dated 09.07.2004. The company also opted for zero rate of duty by not taking cenvat credit on inputs under central excise vide Notification no :30/2004 (CE) dated 09.07.2004 for domestic sales.
- k. Previous Year's Figures have been regrouped wherever necessary to correspond with the current year's figures. Except when otherwise stated, the figures are presented in Rupees in Lakhs.

As Per Our Report of even date

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

for and on behalf of the Board

K. SHRAVAN
Partner
Membership No. 215798

M. PRAMEELA RANI
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place : Secunderabad
Date : 23rd May, 2016

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director



Suryalata Spinning Mills Limited

Regd. Office:

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

Phone No : 040-27774200

Fax : 040-27846859

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

CIN: L18100TG1983PLC003962





SURYALATA SPINNING MILLS LIMITED

CIN : L18100TG1983PLC003962

Regd. Office : Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad - 500 003 (T.S.) INDIA.
Ph. : 91 40 27774200, 27819908 / 9, Fax : 91 40 2784 6859, Email : mail@suryalata.com website : www.suryalata.com

NOTICE

NOTICE is hereby given that the **33rd Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Wednesday, 28th September, 2016 at 10.30 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 31st March, 2016, together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Cumulative Redeemable Preference Shares of the Company for the financial year ended 31st March, 2016.
3. To declare dividend @ 20% (Rs. 2/- per share) to Non-promoter equity shareholders of the Company for the financial year ended 31st March, 2016.
4. To appoint a director in place of Sri K K Sinha , (DIN: 03383960) Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.
5. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) **M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No. 000513S)** be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this 33rd Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to review the 1st quarter results of 2017-18, at such remuneration plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Board of Directors may fix in this behalf”.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the Provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification (s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs. 30,000/- (Rupees Thirty Thousand Only) and reimbursement of out of pocket expenses incurred by **M/s. Aruna Prasad & Co., Cost Accountants (Firm**

Registration no 100883) appointed by the Board of Directors to conduct the Audit of the cost records of the company for the Financial Year ended 31st March, 2017, be and is hereby approved and ratified”.

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

“RESOLVED THAT pursuant to the provisions of Section 13, 61, 64 and other applicable provisions, if any of the companies Act, 2013 read with rules made there under (including any statutory modification of re enactment thereof) and the provisions of the Memorandum of Association of the Company, the consent of the members of the Company be and is hereby accorded to reclassify the Authorized Share Capital of the Company from Rs. 17,00,00,000/- (Rupees Seventeen Crores only) consisting of 50,00,000 Equity Shares of Rs. 10/- each and 12,00,000 Preference Shares of Rs. 100/- each to Authorized Share Capital of Rs. 17,00,00,000/- (Rupees Seventeen Crores only) consisting of 90,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Preference Shares of Rs. 100/- each and consequently the existing Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in place thereof, the following new Clause V will be as follows:

V. The Authorised Share Capital of the Company is Rs.17,00,00,000/- (Rupees Seventeen Crores only) divided in to 90,00,000 Equity Shares of Rs.10/- each aggregating to Rs. 9,00,00,000/- (Rupees Nine Crores only) and 8,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 8,00,00,000/- (Rupees Eight Crores only) each, whether Cumulative Redeemable or Non- Cumulative Redeemable, with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time”.

RESOLVED FURTHER THAT Board of Directors of the company be and are hereby authorised to do all such acts and to take such steps, as may be necessary, to give effect to the resolution.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of Sections 41, 42, 62 & 71 and all other applicable provisions of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or enactment thereof, for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) as in force and subject to all other applicable rules, regulations, notifications and circulars of

the Securities and Exchange Board of India ("SEBI"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), rules, regulations, guidelines, notifications and circulars issued under FEMA including but not limited to Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board ("FIPB"), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as "Appropriate Authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors in this regard, consent of the Members of the Company be and is hereby accorded to create, offer, issue and allot in one or more tranches, in the course of domestic/ international offerings to one or more persons as the Board may determine at its absolute discretion, whether or not they are members of the Company, including but not limited to Domestic Investors/Foreign Investors whether having presence in India or not /Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through a Public Issue, Rights Issue, Preferential Issue and/or Private Placement, with or without an over-allotment option, with or without reservation on firm and/or competitive basis of such part of the issue for such person or categories of persons as may be permitted, equity shares and/or equity shares through depository receipts including Global Depository Receipts ("GDRs") and/or American Depository Receipts ("ADRs") and/ or Foreign Currency Convertible Bonds ("FCCBs") and/or any securities

convertible into equity shares at the option of the Company and/or holder(s) of the Securities and/or securities linked to equity shares and/ or securities with warrants including any instruments or securities representing either equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities or securities linked to equity shares or equity shares/ fully convertible debentures/partly convertible debentures or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date, to Qualified Institutional Buyers ("QIBs") under Chapter VIII of the SEBI ICDR Regulations or a combination of the foregoing (hereinafter collectively referred to as "Securities"), secured or unsecured, listed on any stock exchange inside India or any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular and/or information memorandum and/or any other offering document(s) including an umbrella or shelf offering document, and/or listing particulars, as the Board in its sole discretion may at any time or times hereafter decide, for an amount not exceeding Rs. 75 Crores (Rupees Seventy Five Crores only) inclusive of such premium from time to time, such issue and allotment to be made at such time or times in one or more tranches, denominated in one or more currencies, at such price or prices in such manner and where necessary in consultation with the Lead Managers and/or Underwriters and/or Stabilizing Agents and/or other Advisors or otherwise on such terms and conditions as the Board may, in its absolute discretion, decide at the time of issue of Securities or on any other date.

RESOLVED FURTHER THAT pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under, the consent of the Members of the Company be and is hereby accorded to secure, if necessary all or any of the above Securities to be issued by the creation of mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorised to do all such acts and to take such steps, as may be necessary, to give effect to the resolution."

**By order of the Board of Directors
For SURYALATA SPINNING MILLS LIMITED**

**Place: Secunderabad
Date : 8th August, 2016**

**DEEPESH KUMAR PIPALWA
COMPANY SECRETARY**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself / herself and such proxy need not be a member. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item no : 6
4. Members/Proxies/Authorised Representative should bring the Attendance slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share **Transfer Books of the Company will remain closed from 22nd September, 2016 to 28th September, 2016 (Both days inclusive)** for determining the names of Members eligible for dividend on equity shares subject to the approval of Members at Annual General Meeting.
7. Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, the dividend for the Financial Year ended 31st March, 2007 has already been transferred to Investor Education And Protection Fund (IEPF) 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 pursuant to Section 205 A of the Companies Act, 1956.

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 in IEPF Account |
|------------------------|---|------------------------------------|---|
| 2007 - 08 2008 - 09 | Not Applicable as Dividend was not declared by the Company during this period | | |
| 2009 - 10 | 23 rd September, 2010 | 1,12,740/- | 29 th September, 2017 |
| 2010 - 11 | 15 th September, 2011 | 1,76,055/- | 21 st September, 2018 |
| 2011 - 12 | 12 th September, 2012 | 89,739/- | 18 th October, 2019 |
| 2012 - 13 | 10 th August, 2013 | 1,00,444/- | 15 th September, 2020 |
| 2013 - 14 | 6 th August, 2014 | 1,01,444/- | 11 th September, 2021 |
| 2014 - 15 | 21 st September, 2015 | 1,25,366/- | 27 th October, 2022 |

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.

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

8. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. **M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Phone No. : 040 - 6716 1500.**
9. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
10. The Company's Equity shares are listed at Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the company has paid the Listing Fees to the said Stock Exchange.
11. Pursuant to Section 113 of the Companies Act, 2013, Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

12. In terms of Circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a Copy of PAN Card to the Company or its RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
13. A Statement giving the details of the Director (s) seeking re-appointment in the accompanying notice, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 is annexed thereto.
14. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM
15. Members may note that the Notice of the 33rd Annual General Meeting (AGM) the Annual Report for the Financial Year 2015-16, Copies of Audited Financial Statements, Director's Report, and Auditor's Report etc. will also be available on the website of the Company, www.suryalata.com. Members holding shares in electronic mode are therefore requested to keep their e-mail addresses updated with the Depository Participants.

Voting through electronic means :

16. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and in pursuance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company is pleased to provide its members' the facility of 'remote e- voting (e-voting from a place other than venue of AGM) to exercise their right to vote at the 33rd Annual General Meeting ("AGM") by electronic means and the business may be transacted through e-voting services provided by **Karvy Computer Share 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 33rd Annual General Meeting of the Company. The Members attending the meeting, who have not already cast their vote through the remote e-voting shall be able to exercise their voting rights at the meeting. The Members who have already cast their vote through remote e- voting may attend the Meeting but shall not be entitled to cast their vote again at the Annual General Meeting.
- The Voting rights of the Members shall be in proportion to the paid up value of their shares in the Equity Capital of the Company as on cut-off date (i.e. Record date) 21st September, 2016.
- The e-voting facility will be available at the link <http://evoting.karvy.com> during the following period :
Commencement of e-voting: From **Saturday, 24th September, 2016 9.00 A.M. IST To Tuesday, 27th September, 2016 5.00 P.M. IST.**
- E-voting shall not be allowed beyond **5.00 pm on 27th September, 2016** 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 **21st September, 2016**, may cast their vote electronically.
- The chairman of the Company will declare the results within 48 hours of the conclusion of 33rd Annual General Meeting and the same will be published on the website of the Company i.e., www.suryalata.com and on the website of karvy i.e., www.karvy.com
- The company has appointed Mr. R Ramakrishna Gupta, Practicing Company Secretary, (Membership No: FCS 5523) failing which Mr. P. Suryaprakash, Practicing Company Secretary (Membership No: ACS 18803) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

**By order of the Board of Directors
For SURYALATA SPINNING MILLS LIMITED**

**DEEPESH KUMAR PIPALWA
COMPANY SECRETARY**

Place : Secunderabad
Date : 8th August, 2016

**Corporate Identification Number
L18100TG1983PLC003962**

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

Explanatory Statement

Pursuant to Section 102(1) of Companies Act 2013

Item # 5: Re-appointment of Brahmayya & Co., as Statutory Auditors for the financial year 2016-17

M/s. Brahmayya & Co., Chartered Accountants, (ICAI Firm Registration No 000513S), Hyderabad, Telangana the statutory Auditors of the Company, who holds office until the conclusion of the ensuing Annual General Meeting.

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with Companies (Audit And Auditors Rules), 2014, the audit firm which has completed the term of 10 consecutive years shall not be eligible for re-appointment as auditors in the same company for a period of five years from the completion of such term.

The existing auditors i.e. M/s Brahmayya & Co., has been functioning as statutory auditors of the Company for more than 10 years, and they are eligible for re-appointment for a period of 3 consecutive years i.e. for the years 2014-15, 2015-16 and 2016-17.

M/s. Brahmayya & Co., have expressed their willingness to get re-appointed as the statutory auditors of the Company and furnished their certificate of eligibility and consent for their re-appointment under section 141 of the Companies Act, 2013 and the rules framed there under. The Board based upon the recommendations of the Audit committee recommends the re-appointment of M/s. Brahmayya & Co, as the statutory auditors of the Company.

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

Item # 06 : Ratification of Remuneration of Cost Auditor.

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed M/s. Aruna Prasad & Co., Cost Auditors, Chennai, as Cost Auditors of the Company at a remuneration of Rs. 30000/- plus reimbursement of out of pocket expenses, for conducting audit of cost records for the Financial Year 2016-17.

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 2016-17.

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.

Item # 07 : Re – classification of Authorised Share Capital:

To augment the funds requirement to finance the Company's expansion and / modernization of its operations, it is proposed to raise capital by issue of equity Shares of the Company.

The issue of equity Shares shall be within the Authorised Share Capital of the Company. At present the Company has the Authorized Share Capital of Rs. 17,00,00,000/- (Rupees Seventeen Crores only) consisting of 50,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 5,00,00,000/- (Rupees five Crores only) and 12,00,000 Preference Shares of Rs. 100/- each aggregating `Rs. 12,00,00,000/- (Rupees Twelve Crores only). The Issued, subscribed and paid-up share capital of the Company at present is Rs. 4,27,60,000/- equity shares and Rs. 5,35,00,000/- Cumulative Redeemable Preference Shares. In order to accommodate the proposed issue of equity shares, the existing authorised equity share capital (Rs. 5 Crore) do not provide for the same. Hence it is proposed to increase the same to Rs. 9 Crores by reclassifying the Authorised Share Capital as provided in the resolution given above. The Resolution as set out in Item No. 7 of the Notice will be placed before the Meeting for the approval of the Members by an ordinary Resolution as required under Sections 13 read with 61 of the Act.

None of the Directors or key managerial personnel of the Company is concerned or interested except to the extent they may participate in the capital when offered / issued.

Item # 08: Further issues of Capital:

In order to finance the Company's requirements of increasing the spindles by 40,000, and to strengthen its financial position and for other corporate purposes as may be required from time to time, the Company at appropriate times proposes to raise capital in one or more tranches by issue of any one or more kinds of Securities to Domestic Investors/Foreign Investors, whether having presence in India or not / Institutional Investors/Foreign Institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals, Qualified Institutional Buyers ("QIBs") under SEBI ICDR Regulations or otherwise, whether shareholders of the Company or not, through a Public Issue, Rights Issue, Preferential Issue and/ or Private Placement, as provided in the above Resolution. Consent of the shareholders is sought for issuing Securities as stated in the resolution, which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the Securities. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and Regulations applicable, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed Resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of domestic and / or international offerings of any securities including GDRs, ADRs, FCCBs or Warrants convertible into Equity Shares, depositary receipts underlying Equity Shares through Public Issue(s), Private Placement(s), Rights Issue or a combination thereof.

Under the proposed Special Resolution, consent of the shareholders is sought pursuant to the provisions of Section 41, 42, 62, 71 and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of the SEBI (Listing Obligations and Disclosure requirements), Regulations, 2015, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 41 unless the shareholders decide otherwise. Since the above Special Resolution proposed may result in issue

of Equity Shares of the Company to otherwise than the existing members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 41 and all other applicable provisions of the Companies Act, 2013. The Board of Directors recommend passing of the Special Resolution as proposed at Item No. 8 of the Notice.

None of the Directors is, in any way, concerned or interested in the proposed resolution except to the extent to which they may participate in the proposed issue.

**By order of the Board of Directors
For SURYALATA SPINNING MILLS LIMITED**

Place : Secunderabad
Date : 8th August, 2016

**DEEPESH KUMAR PIPALWA
COMPANY SECRETARY**

Corporate Identification Number : L18100TG1983PLC003962

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

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT
AT THE ANNUAL GENERAL MEETING**

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

| Particulars | Details of Directors seeking appointment/re-appointment |
|---|--|
| Name of the Directors | K K Sinha |
| Director Identification Number (DIN) | 03383960 |
| Date of Birth | 21st June, 1955 |
| Age | 61 |
| Date of Appointment | 31st January, 2011 |
| Qualification | B.Sc (Mathematics) & Diploma in Textile Technology |
| Experience | He has vast experience in Maintenance, productions and Quality Assurance |
| Terms and conditions of re-appointment | Not applicable |
| Number of Meetings of the Board attended during the year | 04 |
| Specific Functional areas | Textile Technology |
| Directorships in other Listed / public / private companies | NIL |
| Membership / chairmanship of Committees of the other Boards | NIL |
| No. of Share held in the Company | NIL |
| Inter-se Relationship between the Board Members/Manager/KMP | NIL |

33rd Annual General Meeting Suryalata Spinning Mills Limited

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

ATTENDANCE SLIP

| | | |
|----------------------|---|-------------|
| Date | Venue | Time |
| 28th September, 2016 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016. Telangana. | 10:30 A.M. |

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

I certify that I am a registered shareholder of the Company; holding above mentioned shares in the Company, and hereby record my presence at the 33rd Annual General Meeting of the Company.

Member's/Proxy signature

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

----- TEAR HERE -----

33rd Annual General Meeting Suryalata Spinning Mills Limited

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

Form No. MGT-11

Proxy form

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

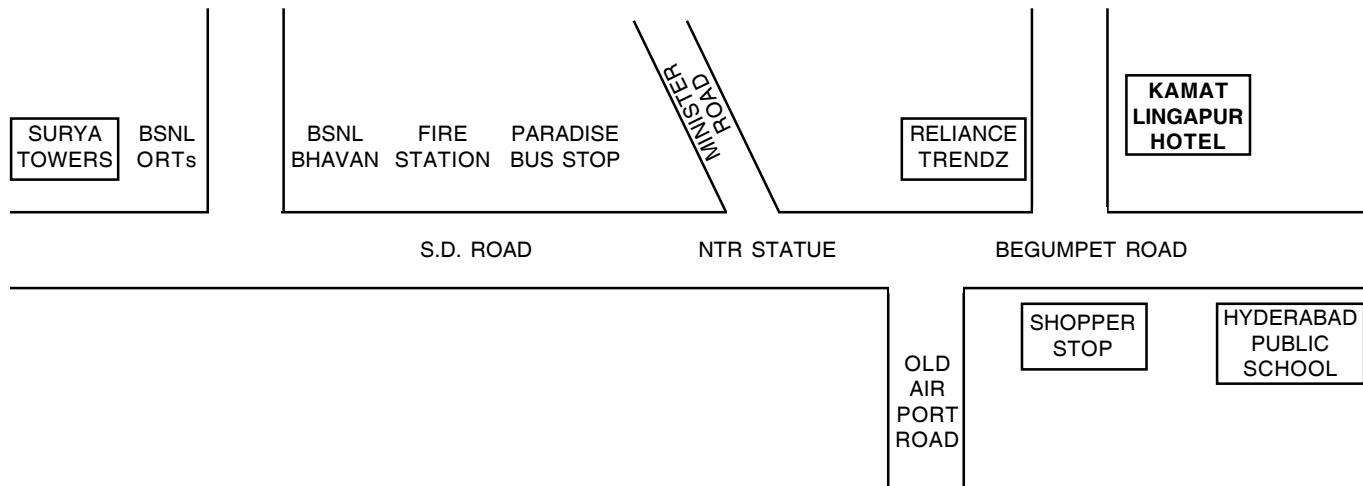
| | | | |
|---|--|--|--|
| Name of the Member(s) Registered Address | | E-mail ID Folio No / Client ID DP ID | |
|---|--|--|--|

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

- 1) _____ of _____ having e-mail Id _____ of failing him/her
- 1) _____ of _____ having e-mail Id _____ of failing him/her
- 1) _____ of _____ having e-mail Id _____ of failing him/her

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 33rd Annual General Meeting of the Company, to be held on Wednesday, 28th September, 2016 at 10.30 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad, 500016, Telangana and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

**33rd Annual General Meeting - Suryalata Spinning Mills Limited
Venue - Route Map**



| Sl.No. | Resolution | For | Against |
|--------------------------|---|-----|---------|
| Ordinary Business | | | |
| 1. | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial year ended 31st March, 2016, together with the reports of the Board of Directors and the Auditors thereon. | | |
| 2. | To declare dividend on Cumulative Redeemable Preference Shares of the Company for the financial year ended 31st March, 2016. | | |
| 3. | To declare dividend at 20% (Rs. 2/- per share) to the selective Non-promoter equity shareholders of the Company for the financial year ended 31st March, 2016. | | |
| 4. | To appoint a director in place of K K SINHA, Director (DIN: 03383960) of the Company who retires by rotation and being eligible, offers himself for re-appointment . | | |
| 5. | Re-Appointment of Statutory Auditors | | |
| Special Business | | | |
| 6. | Ratification of Remuneration of Cost Auditor | | |
| 7. | Reclassification of authorized share capital of the Company | | |
| 8. | Further issue of share capital. | | |

Signed this _____ day of _____ 2016

Signature of Member(s)

Signature of the Proxy Holder(s)

Affix a
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

Regd. Office : Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad - 500 003 (T.S.) INDIA.
Ph. : 91 40 27774200, 27819908 / 9, Fax : 91 40 2784 6859, Email : mail@suryalata.com website : www.suryalata.com

**33rd Annual General Meeting
Postal Ballot form
(In lieu of remote e-voting)**

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

| S.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 33rd Annual General Meeting of the Company to be held on Wednesday, 28th September, 2016 at 10.30 A.M. by recording my assent or dissent to the said resolution(s) by placing the tick (v) mark at the appropriate box below.

| No. | Item No. | No. of Shares held by me | I assent to the resolution | I dissent from the resolution |
|----------------------------|---|--------------------------|----------------------------|-------------------------------|
| Ordinary Business : | | | | |
| 1. | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial year ended 31st March, 2016, together with the reports of the Board of Directors and the Auditors thereon. | | | |
| 2. | To declare dividend on Cumulative Redeemable Preference Shares of the Company for the financial year ended 31st March, 2016. | | | |
| 3. | To declare dividend at 20% (Rs. 2/- per share) to the selective Non-promoter equity shareholders of the Company for the financial year ended 31st March, 2016. | | | |
| 4. | To appoint a director in place of K K SINHA, Director (DIN: 03383960) of the Company who retires by rotation and being eligible, offers himself for re-appointment. | | | |
| 5. | Re-Appointment of Statutory Auditors. | | | |
| Special Business : | | | | |
| 6. | Ratification of Remuneration of Cost Auditor. | | | |
| 7. | Reclassification of authorized share capital of the Company. | | | |
| 8. | Further issue of share Capital. | | | |

Place :
Date :

Signature of Shareholder)

INSTRUCTIONS

1. Mr. R. Ramakrishna Gupta, a Practicing Company Secretary, failing which Mr. P. Surya Prakash, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
2. Members **who do not wish to avail remote e-voting facility**, may fill up the Postal Ballot Form printed overleaf and submit the same in the enclosed business reply envelop addressed to Suryalata Spinning Mills Limited, Sri R. Ramakrishna Gupta, scrutiniser, 1st Floor, Surya Towers, 105, S.P. Road, Secunderabad - 500 003, in order to reach him not later than 05.00 P.M. on Monday, 26th September 2016. 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. M/s Karvy Computershare Pvt. Ltd.). Members are requested to keep the same updated.
7. There will be only one Postal Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.
8. In case of joint holders, the Postal Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholder. Postal Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Postal Ballot Form signed by other joint holders.
9. Where the Postal Ballot Form has been signed by an authorized representative of the Body Corporate/Trust/Society, etc. a certified copy of the relevant authorization/Board Resolution to vote should accompany the Postal Ballot Form.
10. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. 21st September, 2016 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. 21st September, 2016.
13. The remote e-voting period commences on 24th September, 2016 (9.00 a.m. IST) and ends on 27th September, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 21st September, 2016, may cast their vote electronically.
14. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a Resolution is cast by the Member, shall not be allowed to change it subsequently.
15. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the Resolution(s) will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
16. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.suryalata.com and on the website of KARVY <https://evoting.karvy.com>, and communicated to BSE Limited, where the shares of the Company are listed for placing the same in their website.

This page is intentionally left blank

This page is intentionally left blank
