



**Think Denim.
Think Us.**

Suryalakshmi Cotton Mills Limited
Annual Report 2016-17

A photograph of a person's legs from the knees down, wearing blue denim jeans. There is a significant tear at the right knee, revealing the skin underneath. The person is sitting on a light-colored wooden floor. The background on the left side of the image features a decorative pattern of concentric, wavy lines in a light grey color.

It doesn't always go as planned.

In spite of strategic moves, hard work, and utmost efforts, sometimes it's the outer circumstances that change the course of events. But even in the midst of the most difficult times, what matters is the strength of one's foundation on which new tomorrows can be built again. This year, the unforeseen appearance of the demonetisation initiative led to a lot of upheavals in our industry, which in turn resulted in not so stellar numbers for us. Our efforts and skills were uncompromised, but the performances took a hit due to situations that were beyond our control.

But now, the winds are changing.

We're moving towards favorable and stable grounds again, and have ample reasons to believe in a brighter future. Our powerful business foundation remains our core strength, and it is still in great shape and is potent enough to take our Company to greater heights. With our innate integrity towards our work, standards of quality and commitment to excellence still intact, we are gearing ahead towards better performances and bigger results that will make our investors proud!

Suryalakshmi Cotton Mills is among India's leading textile manufacturing companies. It stands for transparency, sustainability, and innovation.

To underscore these aspirations and commitments, Suryalakshmi is a member of various certifying organisations and complies with their guidelines and standards.

Certification & Qualifications



Supplier Ethical Data Exchange (SEDEX)



Sedex Members Ethical Trade Audit (SMETA)



Business Social Compliance Initiative (BSCI)



ISO 14001:2004 Certification



ISO 9001:2008 Certification



OEKO-TEX® Standard 100 Certification



You can also find this report online on:
www.suryalakshmi.com

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Results driven

A pair of blue denim jeans and a matching belt are laid out on a light-colored wooden surface. The jeans are folded, showing the waistband and pockets. The belt is coiled in a circle above the jeans. The background is a vertical-grained wood texture.

2,855.15

Networth
(₹ in Mn)

9,459.59

Gross block
(₹ in Mn)

(Incl. Revaluation
reserve & CWIP)

2.62

Interest
coverage ratio

0.46

Debt-Equity
ratio

The background of the page features a detailed illustration of a sewing machine and a piece of fabric. The sewing machine is shown from a side-on perspective, with its needle and foot visible. The fabric is draped over the machine, showing a textured pattern. The entire illustration is rendered in a light, sketchy style, blending into the overall design.

We are Suryalakshmi Cotton Mills Limited.

We are among India's largest original denim manufacturers with an integrated business model.

Our manufacturing plants are spread across Telangana and Maharashtra with market presence across India and in 29 countries.

Formed in early 1960s' as a yarn manufacturing company, Suryalakshmi Cotton Mills has evolved today as integrated denim manufacturing textile Company. From yarns, fabrics to garments, backed by captive power generation, we have realigned our business model to move up the value chain. Over six decades, we have expanded our capacities, achieved financial sustainability and penetrated markets across the globe.

Vision

To become a global leader and preferred partner in textile manufacturing by leveraging long-term growth opportunities and creating superior value for all stakeholders.

Mission

To be one of the Top Global Players in the fashion industry, bringing inspiration and innovation to every fabric and garment we create.



Our values

Customer first

We put the needs of our customers first and are focused on delivering value by providing the highest quality products.

Integrity

We are committed to remain transparent, honest and accountable in our relationships with all stakeholders, both inside and out.

Innovation-led design thinking

We leverage design thinking and technology innovation for delivering fast fashion to our customers. We exercise the highest levels of professionalism in our work & relationships and are committed to continuous improvement in our pursuit of excellence.

Responsibility

We pay attention to what we create, how we create it and the way it impacts people and the environment.

People welfare

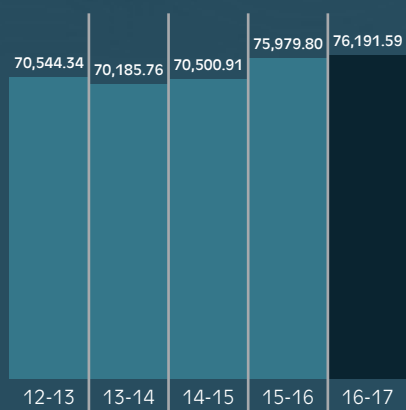
We exercise global standards of worker and human resource welfare to create an efficient, healthy, happy and satisfied workforce.

Financial Highlights

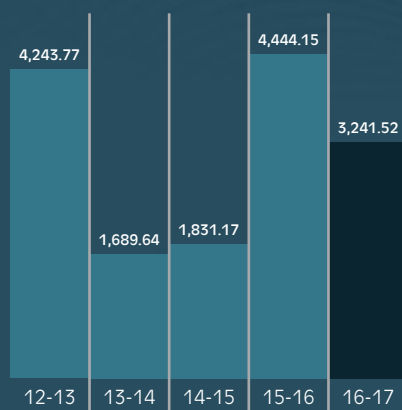
(₹ in Lakhs)

	2016-17	2015-16
For the year		
Net Sales	76191.59	75979.80
EBIDTA	9901.49	11007.59
Profit before tax	3241.52	4444.15
Profit after tax	2186.70	3005.15
At the year end		
Gross block (Incl. Revaluation reserve & CWIP)	94595.88	91358.02
Net Worth (Excl. Revaluation reserve)	28551.53	26195.58
Long Term Borrowings	12552.84	16823.87
Net current assets	37406.38	37449.38

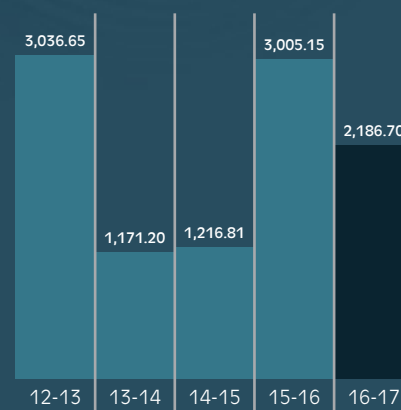
Net Sales (₹ in Lakhs)



PBT (₹ in Lakhs)



PAT (₹ in Lakhs)



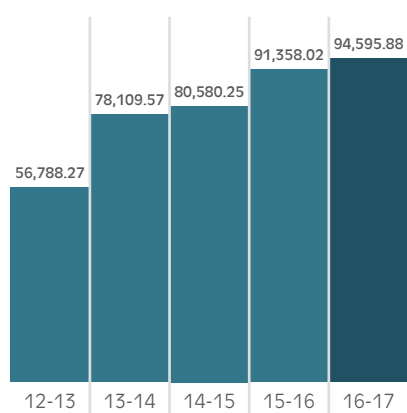
Financial Review

The year 2016-17 did pose significant challenges for the textile industry in the second half post the demonetisation. Cash shortage in the hands of consumers did lead to reduced sales, resulting in dip in revenue for the Company.

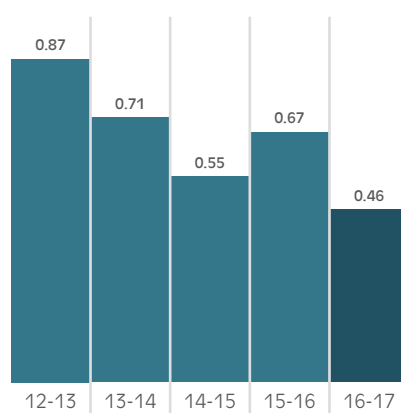
Net Sales stood at ₹76191.59 Lakhs in the current year against ₹75979.80 Lakhs in FY 15-16. However, our strong operational excellence and higher realisations helped us maintain profitability levels. Our PBT and PAT stood at ₹3241.52 Lakhs and ₹2186.70 Lakhs respectively.

The Long Term Borrowings levels stood at ₹12552.84 Lakhs against ₹16823.87 Lakhs in the previous year. The interest coverage ratio was 2.62 times in the current fiscal, demonstrating our ability to maintain a strong balance sheet.

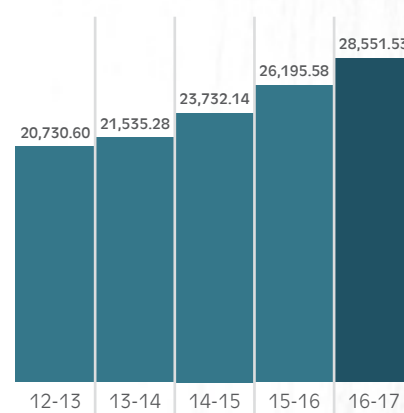
Gross Block (₹ in Lakhs)



Debt-Equity ratio



Net Worth (₹ in Lakhs)



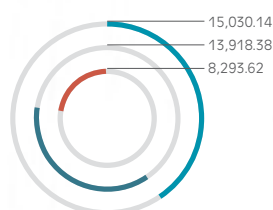
Segment review

Going ahead, we expect economic reforms to gain pace, which would align with the backdrop of robust macro-economic stability. To capitalise on these

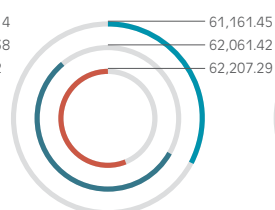
opportunities, we shall strengthen our international presence and further deepen our presence in domestic markets as well. With our integrated business model, we

expect each of our product segments to contribute to overall profitability and growth of the organisation.

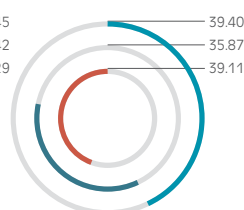
International (₹ in Lakhs)



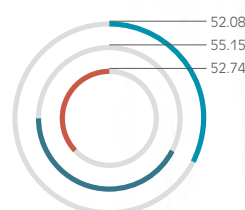
Domestic (₹ in Lakhs)



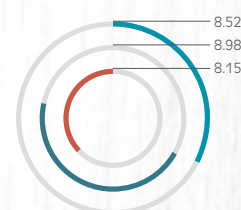
Yarn (%)



Denim & Power (%)



Garments (%)



■ 2014-15 ■ 2015-16 ■ 2016-17

Graphs not to scale

Message from Chairman & Managing Director



Dear Shareholders,

I am very happy to share with you some thoughts on our journey last year.

Over the course of 2016 we saw cotton prices begin to stage a recovery from the peaks witnessed at the beginning of the year. The Indian economy continued its buoyancy growing at 7.1 per cent as against 7.6 per cent in FY15-16. Against all expectations, demonetisation did not create a major roadblock for the economy as a whole but did impact end-user driven industries.

Among the most severely impacted was the textile industry. Despite efforts to minimise the impact of demonetisation, most of the textile companies were affected in the second of the FY16-17. At Suryalakshmi, our response to these micro-economic challenges has been to renew our focus on sustaining profitability. As a strategic measure, we are focused towards building a business model, which will generate positive free cash flow through volatile business cycle and generate decent returns on the invested capital.

I am proud of our team, who has worked tirelessly during the year under review to sustain the Company's operating performance and reliability, achieving some notable milestones. At Suryalakshmi, we successfully reached 93% of average capacity utilisation levels, and increased production of value-added products. We launched many new design variants and participated in several global exhibitions to showcase our new line of products.

Over the course of FY16-17, we also managed to bring down the costs and improve productivity. Our manufacturing unit at Amravati, Maharashtra with 25,000 spindles is fully operational, delivering yarns of high quality and large variety. From yarns that comprise 5% of USTER to garments with AQL 1.5% system, we delivered best in class quality products.

We continue making strategic investments in strengthening R&D processes to comprehend customer preferences in line with latest industry trends. We now have collaboration with leading designers from Europe and Asia to give their

insights for a better customer experience.

Increasing the share of high-value products in the total revenue, we are focused to strengthen our profitability levels in the coming months.

Further, our captive power plant setup in Ramtek, Maharashtra caters to the power requirements of our denim manufacturing process. With assured raw material linkages, this is an integral part of the backward integration process aimed at reducing operating costs.

Going ahead, the Indian textiles industry, currently estimated at around US\$ 1 billion is estimated to grow further. By 2030, India will have 68 cities with population of more than one million each, driving rise in urban population and thereby increasing the demand for denim. Denim continues to be the preferred fabric with the potential to expand because of the fashion quotient, stretch, lightweight fabric, styling and detailing. The denim category is growing in India at a CAGR of 15% while the global market is growing at 3-5%.

At, Suryalakshmi we have achieved the position of India's premier original denim manufacturer. We are consciously driving our business towards the continuous modernisation of denim manufacturing as per global production, quality and environmental standards. Our strategy is aimed at becoming the lowest cost producer by leveraging backward integration and higher operating efficiency.

We look forward to continued good performance owing to improved consumer sentiments, higher spending power and rise in retail level demand. Faster turnaround and design innovation will be the pillars of our success as we look forward to meeting the targets set forth. I would like to thank all our employees and Board for their continued support.

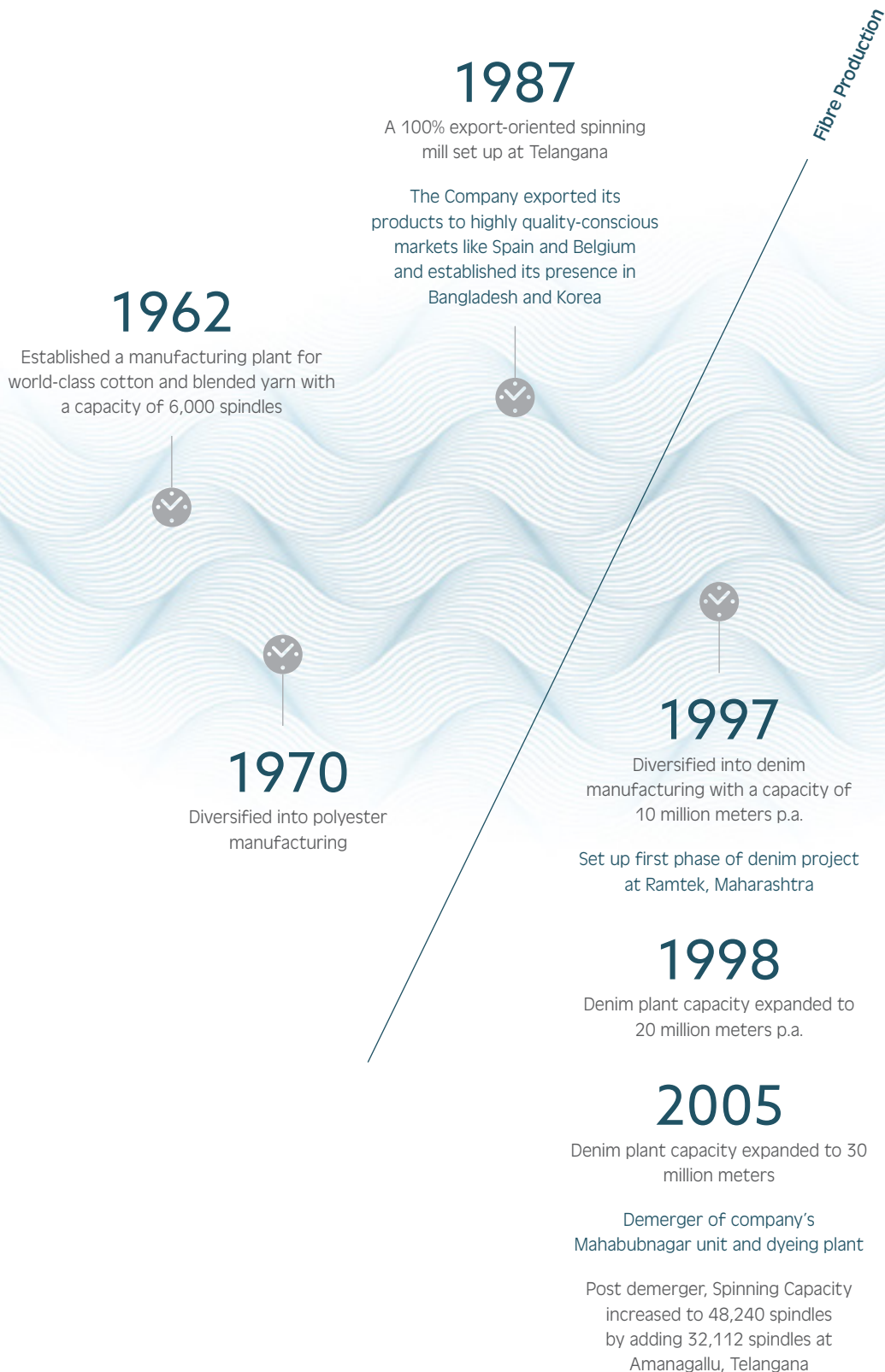
We look forward to an exciting year ahead.

Regards

L N Agarwal
Chairman & Managing Director

Going ahead, the Indian textiles industry, currently estimated at around US\$ 1 billion is estimated to grow further. By 2030, India will have 68 cities with population of more than one million each, driving rise in urban population and thereby increasing the demand for denim.

Our Journey Over Decades



Denim fabric
manufacturing

2006

Entered into new geographies –
Israel, Tunisia, Russia, Columbia etc.

Set up Denim garment
manufacturing unit with capacity of
5,000 pieces/ day

Denim plant Capacity expanded to
40 million meters p.a.

Setting up an
integrated business
model with forward
and backward
integration

2010

Spinning Capacity increased to
61,008 spindles



2013

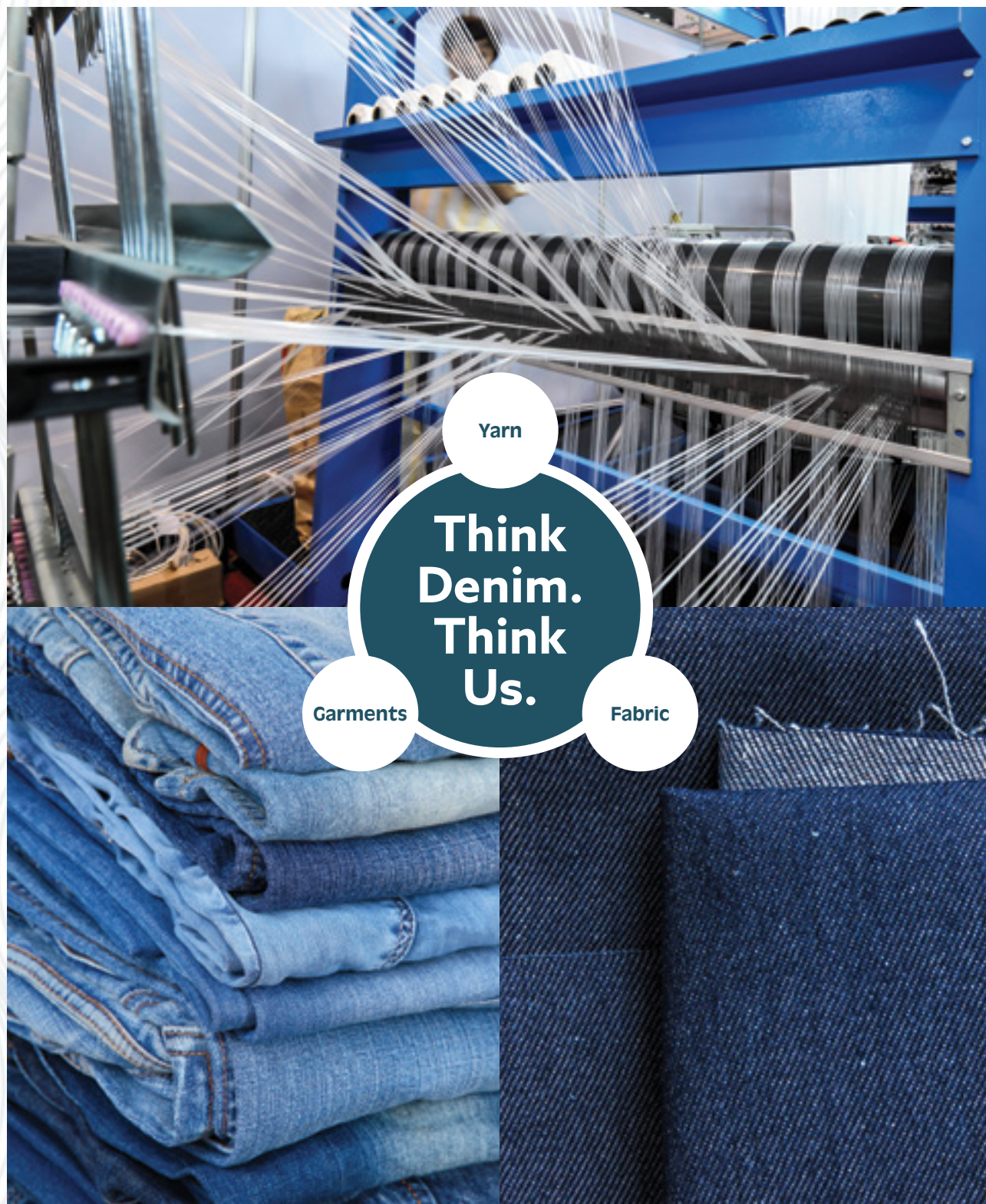
Captive power plant setup in
Ramtek, Maharashtra

Catering to the captive
requirements of the Company's
denim division after meeting
auxiliary requirements

2016

Established Fancy yarn
manufacturing unit with a capacity
of 25,344 spindles at Amravati,
Maharashtra

Our Integrated Business Model





Yarn

86352

Spindles of
installed capacity

39.40%

Share of total
revenue

91%

Capacity utilisation
in FY16-17

300.22

Of revenue sales
(in ₹ Crore) in
FY 16-17

4

Countries of
export



Fabric

40_{mn}

metres of
installed capacity

52.08%

Share of total
revenue (including
power sale)

94%

Capacity utilisation
in FY 16-17

396.77

Of revenue sales
(in ₹ Crore) in
FY 16-17

22

Countries of
export



Garments

5000+

Garments of
installed capacity
per day

8.52%

Share of total
revenue

91%

Capacity utilisation
in FY16-17

64.93

Of revenue sales
(in ₹ Crore) in
FY 16-17

3

Countries of
export

All figures pertain to FY 2016-17 or as at March 31, 2017

Our Market Presence



List of countries where present across the globe



Bangladesh
Cambodia
Canada
China
Colombia
Egypt
Ethiopia
Guatemala
Hong Kong
India
Indonesia
Iran

Italy
Jordan
Lesotho
Madagascar
Malaysia
Mexico
Nicaragua
Pakistan
Peru
Portugal
South Korea
Spain

Sri Lanka
Tanzania
UAE
UK
Venezuela
Vietnam





When brands think denim, they think us.



Performance and Responsibility

Our business model

Denim manufacturing, across the value chain of yarn, fabric and garment, is what makes Suryalakshmi different from any other textile player. Export revenues and value-added products continue to garner increasing share of the total revenue with every passing year, with the Company balancing its product mix aptly.



1

Realign the revenue mix

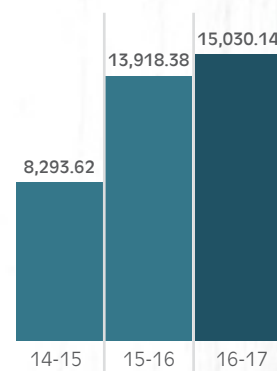
The margin accretive exports business is key to strengthening the profitability levels. Over the years, we have steadily increased our export presence in key geographies, adding renowned brands in our portfolio.

Exports of all our products have continued to grow with passage of time. We strategically charted out to countries that were largely fashion oriented, adding global brands to our growing client profile.

Our export snapshot as on March 31, 2017

Regions	Revenue (₹ in Lakhs)	Share of exports
Europe	263.59	1.75%
North and South America	2468.84	16.43%
Far East	1609.82	10.71%
Rest of the world	10687.89	71.11%

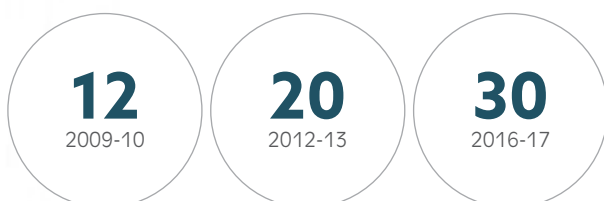
Revenue from exports (₹ in Lakhs)



International brand portfolio



Countries of market presence



2

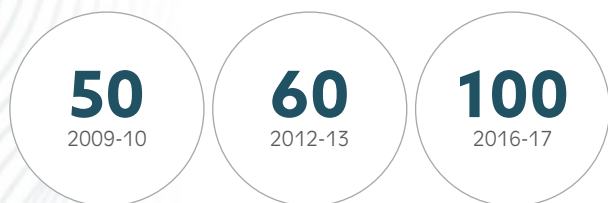
Increase the share of value-added products in product mix

Evolving fashion industry has made it imperative to produce products that meet the taste and preference of global brands. With decreasing shelf life and 'fast fashion' gaining prominence, high value denim fabric and garments today demand a larger share of our product mix.

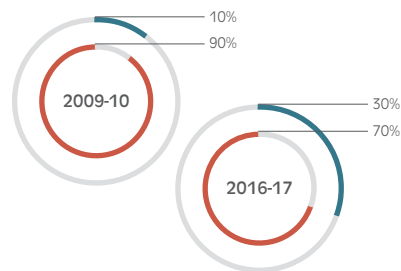
This has led to more production of value-added products right across our value chain. The result: Increase in realisation per metre contributing to a healthy bottomline

This has largely been possible due to the untiring efforts of our R&D team, who continuously follow evolving fashion trends and help innovate with new product launches

New products launched

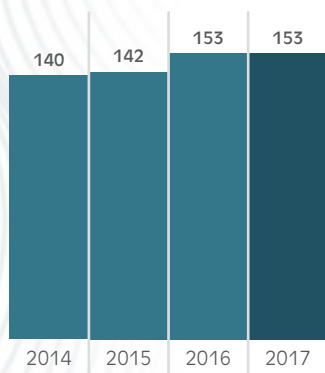


Portfolio mix (Production in percentage)

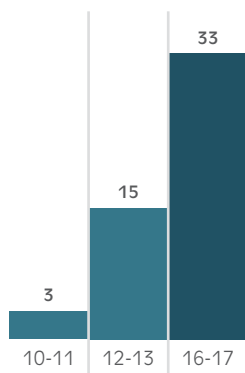


■ Value-added ■ Standard

Sales realisation per mtr (₹)



Value-added products revenue (%)



3

Enhance capacities with high operational efficiencies

Our capacity expansion through debottlenecking and additions are already completed. Being an integrated player, we strategically expanded our capacities across the value chain to ensure production of diversified products meeting various customer needs.

With 93% average capacity utilisation in last three years, we continue to achieve high operational efficiencies for sustainable profit levels.

Our capacities product wise as on March 31, 2017

Plants	Product	Capacity
Amravati, Maharashtra	Yarn	25,344 Spindles
Amanagallu, Telangana	Yarn	61,008 Spindles
Ramtek, Maharashtra	Fabric	40 mn mts
Hyderabad	Garment	5000 pcs/day
Ramtek, Maharashtra	Captive Power	25MW

29%

Spinning Capacity expansion in last five years

<5%

Quality rejections in garments FY16-17

<10%

Quality rejections in fabrics FY16-17

9000 Spindles

Expected capacity addition in next one year

2000 pcs

Expected capacity addition in next one year

Partnering for a Good Cause

At Suryalakshmi, we undertake our responsibilities to the communities in which we operate. To promote responsible business practice, we do our best to address the areas of concern in the society and help deliver positive impact.



Giving back to society

Over the years we have always believed in empowering people within the communities we operate. Among several activities, we work towards providing better access to education, delivering health awareness programmes, promoting development of traditional arts, sponsoring talented individuals in sports, preserving national heritage and making contribution for animal welfare projects and agroforestry. During the year under review, we empowered several young students by renovating schools and promoting education for the benefit of children in government schools. Going ahead, we shall continue to empower lives of people to the best of our abilities.



Environment

As we continue to deliver quality denim products and function across the textile value chain, there is a risk of polluting the environment. Energy, fuel consumption and water discharge make up the biggest part of our carbon footprint.

At Suryalakshmi Cotton, we continue to modernise our equipment, reduce water usage and recycle it. Our captive power consumption also adds to reduction in carbon footprint to a large extent. The result: we have zero water discharge at our plants, ensuring environment sustainability.



Health and safety

As our daily practice, we continue to ensure health and safety of our people. We focused on improving our health and safety policies. As an important goal, we want to continue with our 'zero' accident policy. We continue to adopt a systematic approach towards security and safety issues of workers at plants. Conducting mock drills and mandatory safety gear ensures workers are equipped to mitigate all possible risks related safety.



Fostering diversity

At Suryalakshmi our workforce comprises of 3780 members across our plants and offices. We endeavour to improve our gender balance and have people of diverse background helps us stay relevant and innovate to changing industry trends.

Zero

Water discharge from
our operations

3000
hours

Training conducted
for safety at all
our plants

34%

Women employees
of the total
workforce

Profile of Board of Directors

Sri L.N. Agarwal

Chairman & Managing Director

Sri L.N. Agarwal has vast experience in all facets of cotton & synthetic textile industry spanning over five decades. He has floated the flagship Company Suryalakshmi Cotton Mills Limited in 1962. He was instrumental in floating the other Companies viz., Suryavanshi Spinning Mills Limited, Surya jyothi Spinning Mills Limited and Suryalata Spinning Mills Limited.

Sri Paritosh K. Agarwal

Managing Director

Sri Paritosh K Agarwal, a graduate, is the Managing Director of the Company. He has adequate exposure in all the aspects of textile industry having acquired hands on experience in marketing, exports and production in the group Companies. He played a major role in setting up the Denim Division and building up the export business of the Company and has extensively traveled abroad and acquired deep Knowledge of the International Markets.

Sri R. Surender Reddy

Director

Sri R.Surender Reddy has wide experience in business and Politics. He was a Member of Parliament for four terms and was also Member of legislative Assembly (Andhra Pradesh) for four terms. He was also on the Board of Andhra Bank and A.P State Financial Corporation. He has been Chairman of Hyderabad Race Club for several years and is very well known in Corporate Circles.

Smt. Padmini Agarwal

Wholetime Director

Smt. Padmini Agarwal W/o. Sri Paritosh K.Agarwal, has been involved in the working of Garment Division for more than a year. She has good experience in the operation of the division and has been overseeing the functioning of the division on a daily basis.

Sri. Navrang Lal Tiberwal

Director

Sri Navrang Lal Tibrewal is an Advocate by Profession and was appointed as a Judge of the Rajasthan High Court in 1990. He was appointed as the acting Chief Justice of Rajasthan High Court in May, 1998 and was subsequently appointed as the Governor of Rajasthan and he has retired as such in January, 1999.

Sri. R.S.Agarwal

Director

Sri R.S.Agarwal is a Chemical Engineer by profession and was with Industrial Development Bank of India for nearly three decades and has retired as Executive Director in October 2002. He has extensive experience and wide Knowledge in the field of Project Finance.

A. Mallikarjun

IDBI - Nominee

Sri A.Mallikarjun, 43 years, has long experience in IDBI in the areas of Business Development, Risk Evaluation, structuring Corporate Finance, Project Appraisal, Syndication, Client Relationship Management, Restructuring and Rehabilitation of Corporate Liabilities, etc.

Dhruv Vijai Singh

Director

Sri Dhruv Vijai Singh, aged 62 years had a distinguished career as an IAS officer at senior levels in the Government of India and has vast experience in policy formulation and time bound implementation. He was involved in several international negotiations on strategic issues between states. He has also held different positions like Principal Secretary, Finance and Principal Secretary, Power, etc., in the State Government.

Dr. G. Vivekanand

Director

Dr. G. Vivekanand, aged 57 years, is a MBBS Graduate from Osmania University and is a first generation entrepreneur, who was instrumental in setting up M/s. Visaka Industries Limited and for its growth. He was also the Member of Parliament in 2009 - 2014. Dr. G. Vivekanand is currently the Vice-Chairman of M/s. Visaka Industries Limited and brings with him rich industrial experience.

Corporate Information

Board of Directors

Sri L.N. Agarwal
Chairman and Managing Director

Sri Paritosh K. Agarwal
Managing Director

Sri R. Surender Reddy
Director

Sri A. Mallikarjun
Nominee – IDBI

Sri Navrang Lal Tibrewal
Director

Sri R.S. Agarwal
Director

Smt. Padmini Agarwal
Wholetime Director

Sri Dhruv Vijai Singh
Director

Dr. G. Vivekanand
Director

Company Secretary

Sri E.V.S.V. Sarma

President (Finance)

Sri P.S. Subramanyam

Auditors

M/s. Brahmayya & Co., Hyderabad

Bankers

State Bank of India
Industrial Finance Branch, Hyderabad

State Bank of Hyderabad
Commercial Branch, Secunderabad

State Bank of Mysore
Industrial Finance Branch, Ameerpet,
Hyderabad

IDBI Bank Limited
Saidapet, Chennai

Andhra Bank,
Somajiguda, Hyderabad

State Bank of Travancore,
S.P. Road, Hyderabad

The Lakshmi Vilas Bank Limited
Bank Street, Koti, Hyderabad

EXIM Bank,
Rajbhavan Road,
Hyderabad

Factories

Yarn Divisions

Amanagallu, Ranga Reddy Dist.
Telangana - 509 321

Amravati, Plot No. T-3,
Addl. Amravati indl. Area,
Textile Zone, Nandgaon Peth,
Tuljapur Village, Talkhana, Dist Amravati,
Maharashtra - 440 010.

Denim Division

Ramtek Mauda Road
Village Nagardhan, Tehsil Ramtek
Nagpur, Maharashtra - 440 010.

Garment Division

Thummaluru Village, Maheswaram
Mandal, Ranga Reddy Dist.,
Telangana – 501359.

Power Plant

Village Nagardhan, Tehsil Ramtek,
Nagpur, Maharashtra - 440 010.

Registered Office

6th Floor, Surya Towers
105, S.P. Road
Secunderabad - 500 003
Tel. Nos. 040-27819856/57, 30571600
Fax Nos. 040- 27846854
Website : www.suryalakshmi.com

Registrar and Transfer Agent

Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032.
Tel.: 040-67161606

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Directors' Report

To

The Members

Your Directors are pleased to present their Fifty Fourth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2017.

Financial Results

Particulars	(Figures in ₹ Lakhs)			
	2016- 2017		2015- 2016	
Gross Profit before Interest & Depreciation		9,689.82		11,051.98
Less : Interest	3,503.29		3,431.36	
: Depreciation & Amortisation expense	3,156.68	6,659.97	3,132.07	6,563.43
Profit/(Loss) before prior year Adjustment		3,029.85		4,488.55
Exceptional Items *		211.67		(44.40)
Profit before tax for the year		3,241.52		4,444.15
LESS : Provision for Income Tax for the year		718.00		949.00
LESS : Deferred tax liability		336.82		490.00
Profit / (Loss) after tax		2,186.70		3,005.15
ADD : Profit brought forward from last year		11,277.36		9,055.62
Total		13,464.06		12,060.77
Dividend on Preference Share Capital		-		60.00
Dividend on Equity Share Capital		-		300.10
Corporate Dividend Tax		-		73.31
Transferred to General Reserve		200.00		350.00
Profit transferred to Balance Sheet		13,264.06		11,277.36
Total		13,464.06		12,060.77

- Exceptional item of the current year includes Insurance claim for loss of profit of ₹197.29 Lakhs received from New India Assurance Co. Ltd. and ₹14.38 Lakhs, trial run expenses which were written off earlier, now written back and capitalised.

Operations

During the year under review, the turnover at ₹761.92 Crores registered a marginal increase over the previous year. The net profit after tax at ₹21.87 Crores shows a decline of 27% compared to the previous year.

The disruptive effect of demonetisation in the third quarter of previous year resulted in a loss of turnover and consequently lower production and less profitable operations. The fall out of demonetisation lasted until first two months in the fourth quarter of previous year. Yarn production declined by 15% and fabric production by 5%. Though yarn realisation improved over the previous year, it was more than offset by the increase in

raw material prices. The fabric realisation remained more or less stagnant over the years. The strengthening of the rupee, increase in coal prices and the unremunerative realisation in the third party power sales have also impacted the results. In garment operations, the realisation has been stagnant while the fabric prices have risen.

Dividend

Keeping in view of the reduced profit levels and the heavy repayments in the next year, the Directors are pleased to recommend a Dividend of 10% i.e. ₹1.00 per share (previous year ₹1.80 per share).

Capital Expenditure

During the year under review the Company incurred capital expenditure of ₹32.73 Crores.

Exports

The exports during the current year at ₹150 Crores registered a growth of 7% over the previous year. The growth in terms of volume is however 15%. The Company continued its dominance in the export markets in the fiercely competitive international markets. This growth in exports has been achieved during the year when Brexit negatively impacted the European business sentiments also leading to volatile exchange rates. The Company however saw an opportunity in this crisis to quickly realign its focus to meet the changing demands of the customers. This proactive approach has helped the Company to strengthen the existing relationships with its key customers. The Company also could consolidate its position by supplying fabric to various garment manufacturing countries like Nicaragua, Lesotho, Egypt, Madagascar, Tanzania, Cambodia, Indonesia, Vietnam, China, Sri Lanka and Bangladesh.

Future Outlook

The Company expects the challenging times in the export market to continue in future also. The galloping cotton prices and the strengthening rupee are also expected to pose challenges for the exports. The Company has also to contend with neighbouring countries, which are more advantageously placed regarding bilateral trade agreements. However, the Company is confident of its ability to stick to its basic strengths, while continuing its excellence in fabric innovation and developing high end products and its success in building long lasting relationships with its clientele.

Directors

Sri Paritosh K. Agarwal (DIN No. 00008738) will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

During the year, Sri H.L. Ralhan (DIN : 00018362) Director & Chief Executive (Denim Division) has resigned from the Company. The Board wishes to place on record its appreciation of the valuable services rendered by Sri H.L. Ralhan.

Further details about the above Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

Evaluation of the Board's Performance

In compliance with the Companies Act, 2013, and as per the latest Listing Regulations, the performance evaluation of the

Board and of its Committees was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

Familiarisation Program for Independent Directors

The Company has formulated a familiarisation program for the Independent Directors to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The details of such program are available in the Company's website www.suryalakshmi.com

Nomination & Remuneration Policy

The company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board. More details on the same is given in the Corporate Governance Report.

Directors' Responsibility Statement

Your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Disclosures Under the Companies Act, 2013

i) Extract of Annual Return:

The details forming part of the extract of the annual return is enclosed in Annexure - 1.

ii) Number of Board Meetings:

The Board of Directors met four times during the year 2016-2017. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

iii) Changes in Share Capital:

There is no change in the share capital.

iv) Composition of Audit Committee:

The Board has constituted the Audit Committee which comprises of Sri R. Surender Reddy, as the Chairman and Sri R.S. Agarwal, Sri Navrang Lal Tibrewal and Sri A. Mallikarjun as the members. More details on the committee are given in the Corporate Governance Report.

v) Related Party Transactions:

All the related party transactions are entered into on arm's length basis and are in compliance with the applicable provisions of the Companies Act 2013 and the 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 in Form AOC-2 is not required.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseeable and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>

vi) No Loans/Guarantees / Investments under Section 186 of the Companies Act, 2013 have been made during the year.

Corporate Governance

As per the latest Listing Regulations on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report (Annexure - 6).

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and as stipulated under the Listing Regulations. A separate section on corporate governance under the Listing Regulations, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report (Annexure - 2).

Corporate Social Responsibility Policy

At Suryalakshmi a major concern has been, the sincere effort by the Company to recognise the role played by the Society at large, the environment and its human resources in its sustainability and growth and to strive to discharge its social responsibility as a corporate citizen. To this end, the Company has always tried to strike a fine balance of economic, environmental and social commitments.

The sustainable stewardship mantra is not limited to philanthropy, but encompasses holistic community development and other initiatives to strengthen business sustainability.

The core areas for Suryalakshmi's Corporate Social Responsibility (CSR) Programmes for this year have been health care, environment and education. Details of the projects / activities implemented by the Company are furnished in a separate Annexure-3 to this report.

The Company constituted a Committee of CSR consisting of Sri L.N. Agarwal, Sri Paritosh K. Agarwal and Sri R. Surender Reddy, with Sri L.N. Agarwal as Chairman.

The Company could not spend the planned amounts on the CSR activities in view of certain pending approvals from the local authorities. Steps are being taken to obtain the same at the earliest and complete the commitments.

Risk Management

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks viz., Trend Related Risks, Raw Material Risks, Brand / Technology Risks, Operational Quality Risks, Human Resources Risks, Regulatory Risks and Financial Risks.

A Committee headed by Sri Paritosh K. Agarwal, Managing Director periodically reviews the risks and take steps to mitigate identified risks.

Whistle Blower Policy

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and employees to report to the management about unethical behavior, fraud, violation of Company's Code of Conduct. None of the Personnel has been denied access to the audit committee.

Declaration About Compliance with the Code of Conduct by Members of The Board and Sr. Management Personnel.

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

Disclosure Under the Sexual Harassment of Women at workplace (Prevention, Prohibition And Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trained) are covered under the Policy.

The following is a summary of sexual harassment complaints received and disposed off during each Calendar year:

- a) No. of Complaints received - NIL
- b) No. of Complaints disposed off - NIL

Auditors

I. Auditors and Their Report:-

As the members are aware, M/s. Brahamayya & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.000513S) have been the Company's Statutory Auditors for several years. In accordance with the provisions of the Companies Act, 2013, the Company is required to appoint a new firm of Auditors for a term of five consecutive years from the conclusion of the ensuing Annual General Meeting.

Accordingly the Company proposes to appoint M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S) in place of M/s. Brahmayya & Co., as its Statutory Auditors. The Board wishes to place on record its appreciation of the services rendered by M/s. Brahmayya & Co., Chartered Accountants in its long association with the Company.

M/s. K.S.Rao & Co., Chartered Accountants have expressed their willingness to be appointed as the Statutory Auditors of the company and furnished the certificate of their eligibility and consent for the same under Section 141 of the Companies Act, 2013, and the rules framed thereunder. In terms of the Listing Regulations, the Auditors have confirmed, that they hold a valid certificate issued by the Peer Review Board of the ICAI. The Board, based on the recommendation of the Audit Committee, recommends the appointment of M/s. K.S.Rao & Co., Chartered Accountants as the Statutory Auditors of the company.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

ii. Cost Auditor and Cost Audit Report

Pursuant to section 148 of the Companies Act 2013, the Board of Directors on the recommendation of the Audit Committee appointed Ms. Aruna Prasad, Cost Accountant, as the Cost Auditors of the company for the Year 2017-18 and has recommended her remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting. Ms. Aruna Prasad has confirmed that her appointment is within the prescribed limits, and also certified that they are free from any disqualifications.

iii. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr. K.V.Chalama Reddy, Company Secretary in Whole-time Practice (M.No.13951), to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2017-18. The report of the Secretarial Auditor is annexed to this report as Annexure -4.

Internal Control Systems & their adequacy

Your Company has an effective and adequate internal control systems in place commensurate with the size and complexity of the organisation. Internal and operational audit is carried by M/s. K.Vijaya Raghavan & Associates LLP, a reputed firm of Chartered Accountants. The Internal Audit system is designed to meet the statutory requirements as well as ensure proper implementation of management and accounting controls.

The internal auditors submit their report to the Managing Director and also to the Audit Committee, which reviews the report and ensures that the Audit observations are attended to by the Management.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, required to be given pursuant to provision of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed here to marked Annexure 5 and forms part of this report.

Deposits

The Company has not accepted any deposits from the public during the year under review.

Employees

Periodic Training programmes for developing a skilled workforce, personality development programmes, yoga camps, etc., encouragement of employee participation in district / state level sports events are regularly undertaken.

An integrated woman focused program trains unskilled women to undertake skilled jobs at its units.

The information required pursuant to Section 197 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

Acknowledgements

The Board of Directors are pleased to place on record their appreciation of the cooperation and support extended by All India Financial Institutions, Banks and various State and Central Government Agencies.

The Board also wishes to place on record its appreciation of the valuable services rendered by the employees of the Company.

for and on behalf of the Board

Date : 13th May, 2017
Place : Secunderabad

L.N. Agarwal
Chairman & Managing Director

Annexure 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

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

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

I. Registration and other details:

i) CIN:-	L17120AP1962PLC000923
ii) Registration Date	13th AUGUST, 1962
iii) Name of the Company	SURYALAKSHMI COTTON MILLS LIMITED
iv) Category / Sub-Category of the Company	Public Company Limited by Shares
v) Address of the Registered office and contact details	6th Floor, Surya Towers, 105, S. P. Road, Secunderabad-500003. Ph. No.: 040-27819856 / 30571600
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 Limited, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel.: 040-67161606

II. Principal Business Activities of the Company

Business activities contributing 10 % or more of the total turnover of the Company.

Sl. No.	Name and Description of main product/services	NIC Code of the Product	% to total turnover of the Company
1	Yarn	13111/13114	36.74
2	Denim Fabric	13121	53.47

III. Particulars of holding, subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1			NIL		

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	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	93,26,889	0	93,26,889	55.94	93,26,889	0	93,26,889	55.94	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks I PI	-	-	-	-	-	-	-	-	-
f) Any Other. ...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1) :-	93,26,889	0	93,26,889	55.94	93,26,889	0	93,26,889	55.94	0
(2) Foreign									
a) Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks I PI	-	-	-	-	-	-	-	-	-
e) Any Other. ...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	93,26,889	0	93,26,889	55.94	93,26,889	0	93,26,889	55.94	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	2,800	2,800	0.02	0	2,800	2,800	0.02	
b) Banks / FI	1,11,093	0	1,11,093	0.40	67,266	0	67,266	0.40	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FI's	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(1):-	1,11,093	2,800	1,13,893	0.42	67,266	2,800	70,066	0.42	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,23,8394	66	12,38,460	5.76	9,59,771	66	9,59,837	5.76	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	28,92,561	1,24,268	30,16,829		23,41,284	1,47,095	24,88,379	14.92	
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	27,17,772	0	27,17,772		36,57,211	0	36,57,211	21.94	
c) Others (specify)									
Clearing Members	36,642	0	36,642	0.69	114317	0	1,14,317	0.69	
Non Resident Indians	59,915	0	59,915	0.33	55591	0	55,591	0.33	
Non Resident Indian Non Repatriable	30,011	0	30,011						
Unclaimed Suspense Account	26,983	0	26,983	0.16	28016	0	28,016	0.17	
Alternative Investment Fund	1,04,896	0	1,04,896						
Sub-total (B)(2):-	71,07,174	124334	72,31,508	43.37	71,56,190	1,47,161	72,75,335	43.64	
Total Public Shareholding (B) = (B (1)+ (B) (2)	72,18,267	127134	73,45,401	44.06	72,23,456	1,49,961	73,45,401	44.06	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	1,65,45,156	1,27,134	1,66,72,290	100	1,65,50,345	1,49,961	1,66,72,290	100	

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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	Late Satyabhama Bai	30,23,032	18.13	16.54	30,23,032	18.13	16.54	0
2	Paritosh Agarwal	14,78,472	8.87	0	14,78,472	8.87	0	0
3	L.N. Agarwal	13,64,516	8.18	10.31	13,64,516	8.18	10.31	0
4	Vedanth Agarwal	10,65,356	6.39	0	10,65,356	6.39	0	0
5	Padmini Agarwal	9,18,170	5.51	0	9,18,170	5.51	0	0
6	Aparna Agarwal	6,51,808	3.91	0	6,51,808	3.91	0	0
7	Lakshmi Narayan Agarwal	4,01,890	2.41	0	4,01,890	2.41	0	0
8	L.N. Agarwal	3,70,000	2.22	0	3,70,000	2.22	0	0
9	Padmini Agarwal	53,645	0.32	0	53,645	0.32	0	0
Total		93,26,889	55.94	6.87	93,26,889	55.94	6.87	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI No.		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
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				
					THERE IS NO CHANGE

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

Shareholding Pattern of top 10 Shareholders between 31/03/2016 and 31/03/2017

SI No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase/ Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1	Shailesh Mulchand Savla	15,00,000	9.00	31/03/2016			15,00,000	9.00
				24/06/2016	-36,902	Transfer	14,63,098	8.78
				01/07/2016	-1,008	Transfer	14,62,090	8.77
				08/07/2016	-6,090	Transfer	14,56,000	8.73
				15/07/2016	-2,75,589	Transfer	11,80,411	7.08
				22/07/2016	-1,27,826	Transfer	10,52,585	6.31
				29/07/2016	-1,16,190	Transfer	9,36,395	5.62
				30/09/2016	-31,000	Transfer	9,05,395	5.43
				21/10/2016	-25,934	Transfer	8,79,461	5.27

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Shareholding Pattern of top 10 Shareholders between 31/03/2016 and 31/03/2017

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase/ Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
2	Swadeshi Tubes Ltd	3,50,000	2.10	16/12/2016	-4,412	Transfer	8,75,049	5.25
				23/12/2016	-5,774	Transfer	8,69,275	5.21
				31/03/2017			8,69,275	5.21
				31/03/2016			3,50,000	2.10
				29/07/2016	-1,00,000	Transfer	2,50,000	1.50
3	Vinodchandra Mansukhlal Parekh	3,11,441	1.87	31/03/2017			2,50,000	1.50
				31/03/2016			3,11,441	1.87
4	Greshma Finvest Private Limited	45,350	0.27	31/03/2017			3,11,441	1.87
				31/03/2016			45,350	0.27
				22/04/2016	25,000	Transfer	70,350	0.42
				06/05/2016	1,950	Transfer	72,300	0.43
				13/05/2016	-450	Transfer	71,850	0.43
				30/06/2016	7,000	Transfer	78,850	0.47
				22/07/2016	-500	Transfer	78,350	0.47
				12/08/2016	1,000	Transfer	79,350	0.48
				07/10/2016	11,100	Transfer	90,450	0.54
				28/10/2016	-11,100	Transfer	79,350	0.48
				11/11/2016	-350	Transfer	79,000	0.47
				02/12/2016	-4,500	Transfer	74,500	0.45
				06/01/2017	-1,000	Transfer	73,500	0.44
				20/01/2017	-2,129	Transfer	71,371	0.43
				03/02/2017	-1,000	Transfer	70,371	0.42
				10/02/2017	-2,871	Transfer	67,500	0.40
				17/02/2017	-250	Transfer	67,250	0.40
				03/03/2017	2,65,933	Transfer	3,33,183	2.00
				24/03/2017	-41,615	Transfer	2,91,568	1.75
				31/03/2017	-1,554	Transfer	2,90,014	1.74
5	Anisha Raooof Dhanani	1,09,115	0.65	31/03/2017			2,90,014	1.74
				31/03/2016			1,09,115	0.65
				15/04/2016	-1,115	Transfer	1,08,000	0.65
				15/07/2016	500	Transfer	1,08,500	0.65
6	Sbi Pipe Fund - 1	0	0.00	31/03/2017			1,08,500	0.65
				31/03/2016			0	0.00
				15/07/2016	85,000	Transfer	85,000	0.51
				07/10/2016	19,896	Transfer	1,04,896	0.63
7	Terranova Technologies Limited	1,00,000	0.60	31/03/2017			1,04,896	0.63
				31/03/2016			1,00,000	0.60
				31/03/2017			1,00,000	0.60
8	Sanjeev Vinodchandra Parekh	96,931	0.58	31/03/2016			96,931	0.58
				31/03/2017			96,931	0.58
9	Pranav Kumarpal Parekh	64,529	0.39	31/03/2016			64,529	0.39
				10/03/2017	27,827	Transfer	92,356	0.55
				31/03/2017			92,356	0.55

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Shareholding Pattern of top 10 Shareholders between 31/03/2016 and 31/03/2017

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase/ Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
10	Raooof Razak Dhanani	84,181	0.50	31/03/2016			84,181	0.50
				05/08/2016	4,468	Transfer	88,649	0.53
				02/09/2016	1,193	Transfer	89,842	0.54
				09/09/2016	-342	Transfer	89,500	0.54
				31/03/2017			89,500	0.54
11	Bhimavarapu Sridhar Reddy	80,735	0.48	31/03/2016			80,735	0.48
				15/04/2016	500	Transfer	81,235	0.49
				29/07/2016	-29,822	Transfer	51,413	0.31
				11/11/2016	-1,000	Transfer	50,413	0.30
				18/11/2016	-25,796	Transfer	24,617	0.15
				25/11/2016	-876	Transfer	23,741	0.14
				02/12/2016	-5,959	Transfer	17,782	0.11
				27/01/2017	4,394	Transfer	22,176	0.13
				03/02/2017	2,169	Transfer	24,345	0.15
				17/02/2017	-17,502	Transfer	6,843	0.04
				24/02/2017	-6,671	Transfer	172	0.00
12	Jayesh Navnitlal Shah	75,000	0.45	31/03/2017			172	0.00
				31/03/2016			75,000	0.45
				24/02/2017	-75,000	Transfer	0	0.00
13	Paulomi Ketan Doshi	68,000	0.41	31/03/2017			0	0.00
				31/03/2016			68,000	0.41
				24/02/2017	-68,000	Transfer	0	0.00
				31/03/2017			0	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director/KMP	Beginning of the year (1st April, 2016)	%	End of the Year (31st March, 2017)	%
1	L.N. Agarwal	13,64,516	8.18	13,64,516	8.18
2	Paritosh K. Agarwal	14,78,472	8.87	14,78,472	8.87
3	Padmini Agarwal	9,71,815	5.83	9,71,815	5.83
4	R. Surender Reddy	28,000	0.17	28,000	0.17
5	Navrang Lal Tibrewal	NIL		NIL	
6	R.S. Agarwal	NIL	NIL	395	0.00
7	A. Mallikarjun	NIL		NIL	
8	Dr. G. Vivekanand	NIL		NIL	
9	Dhruv Vijai Singh	NIL		NIL	
10	E.V.S.V. Sarma	4,158	0.0	4,596	0.03
11	P.S. Subramanyam	28	-	28	-

V. Indebtedness

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

(₹ in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of financial year				
i) Principal Amount	33,576	3,432	-	37,008
ii) Interest due but not paid	118	81	-	199
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	33,694	3,513	-	37,207
Change in Indebtedness during the financial year				
• Addition	1,530	1,364	-	2,894
• Finance Cost & Others	1,419	2,084	-	3,503
• Reduction	(4,535)	(756)	-	(5,291)
• Finance Cost Paid	(1,456)	(2,097)	-	(3,553)
Net Change	(3,042)	595	-	(2,447)
Indebtedness at the end of the financial year				
i) Principal Amount	30,571	4,039	-	34,610
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	81	69	-	150
Total (i+ii+iii)	30,652	4,108	-	34,760

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD / Manager				Total Amount
		L.N. Agarwal	Paritosh K. Agarwal	Padmini Agarwal	H.L. Ralhan	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	76.87	68.92	45.08	29.53	220.40
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1.87	1.24	0	2.07	5.18
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	38.00	34.00	-	-	72.00
	- others, specify ...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	116.74	104.16	45.08	31.61	297.59
	Ceiling as per the Act					

B. Remuneration to other directors:

I. Independent Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		R. Surender Reddy	R.S. Agarwal	Navrang Lal Tibrewal	Dhruv Vijai Singh	Dr. G Vivekanand	
1	Fee for attending board / committee meetings	0.32	0.32	0.32	0.20	0.10	1.26
2	Commission	--	--	--	--	--	--
3	Others (Incidental expenses)	0.40	0.40	0.95	0.90	0.20	2.85
	Total (1)	0.72	0.72	1.27	1.10	0.30	4.11

II. Other Non-Executive Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Sri A. Mallikarjun		Total Amount
1	Fee for attending board / committee meetings	0.25		0.25
2	Commission	-		
3	Others (Incidental expenses)	0.20		0.20
	Total (2)			0.45
	Total (B) = (1 + 2)			4.56
	Total Managerial Remuneration (A+B)			302.15
	Overall Ceiling as per the Act			

C: Remuneration to Key Managerial Personnel other than MD/Manager/WTM

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	17.14	16.36	33.50
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	0.15	0.15	0.30
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	-- as % of profit	-	-	-	-
	-- others, specify ...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total		17.29	16.51	33.80

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)
Penalty					
Punishment			NIL		
Compounding					
C Other Officers in Default					
Penalty					
Punishment			NIL		
Compounding					

Annexure 2

Corporate Governance Report

1. Brief statement on Company's philosophy on code of governance.

Suryalakshmi's corporate culture has meant working always proactively to meet the expectations of its customers, shareholders, employees, business associates, the society at large and in complying with the dictates of the regulatory frame work both in letter and spirit. The Company believes Corporate Governance is an effective instrument for realisation of this corporate aim and accordingly endeavors to function with integrity in a transparent environment.

2. Board of Directors :

a) Composition and category of Directors / Number of other Board of Directors or Committees of which Member / Chairman.

Name of the Director	Category	No. of other Directorships	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
Sri L.N. Agarwal DIN No. 0008721	Chairman & Managing Director-Promoter Executive	Nil	Nil	Nil
Sri Paritosh K. Agarwal DIN No. 00008738	Managing Director - Promoter/Executive	Nil	Nil	Nil
Sri R. Surender Reddy DIN No. 00083972	Non-Executive - Independent	4	5	2
Sri Navrang Lal Tibrewal DIN No. 0030151	Non-Executive - Independent	Nil	Nil	Nil
Sri R.S. Agarwal DIN No.00012594	Non-Executive - Independent	5	5	3
Sri H.L. Ralhan DIN No. 00018362*	Executive - Non-promoter	Nil	Nil	Nil
Smt. Padmini Agarwal DIN No.01652449	Executive-Promoter	Nil	Nil	Nil
Sri Mallikarjun DIN No. 02599532	IDBI Nominee Non-Executive	Nil	Nil	Nil
Dr. Vivekanand DIN No. 00011684	Non-Executive - Independent	1	1	1
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive - Independent	Nil	Nil	Nil

* Resigned from the Board w.e.f 15/01/2017

b) Attendance of each Director at the Board of Directors Meeting and the last Annual General Meeting.

Name of the Director	No. of Board Meetings attended during the period 1st April, 2016 to 31st March, 2017	Attendance at the last Annual General Meeting held on 28th, July 2016
Sri L.N. Agarwal	4	Present
Sri Paritosh K. Agarwal	4	Present
Sri R. Surender Reddy	4	Present
Sri Navrang Lal Tibrewal	4	Present
Sri R.S. Agarwal	4	Present
Sri H.L. Ralhan *	1	Absent
Smt. Padmini Agarwal	2	Absent
Dr. Vivekanand	2	Absent
Sri Dhruv Vijai Singh	4	Present
Sri A.Mallikarjun	3	Present

* Resigned from the Board w.e.f 15/01/2017

c) During the financial year ended 31st, March 2017 - Four Board Meetings were held on 25th, May 2016, 28, July 2016, 11th November 2016 and 14th, February 2017.

d) Disclosure of relationships between Directors inter-se:

Name of the Director	Inter-se relationship
Sri L.N. Agarwal	Father of Paritosh K. Agarwal
Sri Paritosh K. Agarwal	Son of L.N. Agarwal
Smt. Padmini Agarwal	Wife of Paritosh K. Agarwal

e) The details of shares held by the Non-Executive Directors of the Company in their individual names as 31st, March 2017 are furnished below:

Name of the Director	Designation	No. of Equity shares held
R. Surender Reddy	Director	28000
Navrang Lal Tibrewal	Director	NIL
R.S. Agarwal	Director	395
A.Mallikarjun	Director	NIL
Dr. G Vivekanand	Director	NIL
Dhruv Vijai Singh	Director	NIL

f) Web link where details of familiarisation programmes imparted to Independent Directors is disclosed.

<http://www.suryalakshmi.com/investor-corporate-governance.aspx>

Reappointment of Directors

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance particulars of the Directors being reappointed are provided hereunder.

Sri Paritosh K. Agarwal (DIN No. 00008738) will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Names of the Companies in which he is a Director/Chairman - NIL

No. of shares held by Sri Paritosh K. Agarwal as on 31/03/2017 in the Company is 1478472.

The details relating to appointment and re-appointment of Directors as required under regulation 36(3) of SEBI (LODR) Regulations, 2015 are provided in the Notice to the Annual General Meeting.

3. Audit Committee:

a. Brief description of terms of reference

- i. Oversight of Company's financial reporting process and disclosure of financial information.
- ii. Review of financial statements before submission to Board.
- iii. Review of adequacy of internal control systems and internal audit functions.
- iv. Review of Company's financial and risk management policies.
- v. Adequacy of internal financial control system in place and operating effectiveness of such controls.

b. Composition, names of members and Chairperson

- i. Sri R. Surender Reddy - Chairman, Non-Executive & Independent
- ii. Sri N L Tibrewal - Member, Non-Executive & Independent
- iii. Sri R.S. Agarwal - Member, Non-Executive & Independent
- iv. Sri A.Mallikarjun - Non-Executive - IDBI Nominee

c. Meetings and attendance during the year

During the financial year ended 31st, March 2017 - Four Audit Committee Meetings were held on 25th, May 2016, 28th, July 2016, 11th, November 2016 and 14th, February 2017.

Name	No. of the Meetings attended
Sri R.S. Agarwal	4
Sri R. Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Sri A.Mallikarjun	3

4. Nomination & Remuneration Committee

a) Brief description of terms of reference.

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and persons suitable to be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v. To ensure that the level and composition of remuneration involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

b) Composition, Name of members and Chairperson

1. Sri Navrang Lal Tibrewal - Chairman – Non-executive – Independent
2. Sri R. Surender Reddy - Member – Non-executive – Independent
3. Sri R.S. Agarwal - Member – Non-executive – Independent
4. Sri A.Mallikarjun - Member – Non-Executive – IDBI Nominee

c) Meetings and attendance during the year

During the financial year ended 31st, March 2017, one Remuneration Committee Meeting was held on 25th May 2016.

Name	No. of the Meetings attended
Sri R.S. Agarwal	1
Sri R. Surender Reddy	1
Sri Navrang Lal Tibrewal	1
Sri A.Mallikarjun	1

d) Performance Evaluation:

The Criteria followed by the Board to evaluate performance of Committees / Independent Directors:

- The concerned Director should be a person of the highest integrity possessing the necessary expertise expected of the Director in his area of the specialisation or general business.
- Where the Director is an Independent Director, the Director should also satisfy the requirements of independence both in letter and spirit under the Act / Regulations and does not suffer from any of the disqualifications under Act / Regulations.
- The Director should add value to the diversity of the Board and be honest and free to express his frank opinion in the ultimate interest of the Company.
- The Director should take all reasonable efforts to devote his time to contribute to the deliberations of the Board.

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 after circulating the draft forms, 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 the performance of Non-Independent Directors, Chairman and the quality of the information and follow up action is being taken on the suggestions made therein.

5. Remuneration of Directors

- a) All pecuniary relationships or transactions of the Non-executive Directors.

NIL

- b) Criteria of making payment to Non-executive Directors.

No payments are made to Non-Executive Directors.

Sitting Fees *

Name	Designation	Amount (₹)
Sri R. Surender Reddy	Independent Director	32,500/-
Sri Navrang Lal Tibrewal	Independent Director	32,500/-
Sri R.S. Agarwal	Independent Director	32,500/-
Sri Dhruv Vijai Singh	Independent Director	20,000/-
Dr. G. Vivekanand	Independent Director	10,000/-
Sri A.Mallikarjun	Nominee – IDBI	27,500/-

* exclusive of incidental expenses

c) Disclosures with respect to remuneration in addition to disclosures required under the Companies Act, 2013:

- All elements of remuneration package of individual directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension, etc;

Details of remuneration to all the Directors

(During 01/04/2016 to 31/03/2017)

Name	Designation	Salary & Commission	Perquisites	(₹ in lacs)
				Total
L.N. Agarwal	Chairman & Managing Director	114.87	1.87	116.74
Paritosh K. Agarwal	Managing Director	102.92	1.24	104.16
H.L. Ralhan*	Director & Chief Executive (Denim Division)	29.53	2.07	31.61
Padmini Agarwal	Whole Time Director	45.08	-	45.08

* Resigned from the Board w.e.f. 15/01/2017.

- (ii) Details of fixed component and performance linked incentives, along with the performance criteria - NIL
- (iii) Service contracts, notice period, severance fees – &
- (iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

6. Risk Management Committee

a. Brief description of terms of reference

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks viz., Trend Related Risks, Raw Material Risks, Brand / Technology Risks, Operational / Quality Risks, Human Resources Risks, Regulatory Risks and Financial Risks.

b. Composition, names of members and Chairperson

- i. Sri Paritosh Agarwal - Chairman, Executive Director
- ii. Smt Padmini Agarwal - Member, Executive Director

- iii. Sri R.L.Narayana - Member, President (Amanagallu Unit)
- iv. Sri P.S.Subramanyam - Member, President (Finance)

7. Shareholders / Investors Grievance Committee:

a) Name of Non-Executive Director heading the Committee

Sri Navrang Lal Tibrewal

b) Name and designation of Compliance Officer.

Sri E.V.S.V. Sarma, Company Secretary.

c) Number of Shareholders Complaints received so far.

No. of Complaints received for the 4th Quarter - 2

No. of Complaints received for the Year ended 31st March., 2017 – 20

d) Number not solved to the satisfaction of shareholders

NIL

e) Number of pending complaints.

NIL

8. General body Meetings:

a) Location and time, where last three AGMs held.

Financial Year	Date	Venue	Time
2013-2014	04/08/2014	KLN Prasad Auditorium, 3rd Floor, Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad – 500 004.	10.00 A.M.
2014-2015	29/07/2015	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2015-2016	28/07/2016	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.

b) Special resolutions passed at the last 3 Annual General Meetings

- 1 At the AGM held on 04/08/2014 –
 - i) Reclassification of Authorised Share Capital and Consequent Alteration of Memorandum of Association and Articles of Association.
 - ii) Preferential issue of equity shares of the Company.
 - iii) Preferential issue of preference shares of the Company.
 - iv) Reappointment of Sri L.N. Agarwal, Chairman and Managing Director
 - v) Adoption of new Articles of Association in substitution of old.
 - vi) Enhancement in the borrowing limits.
 - vii) Approval of lease agreement.
- 2 At the AGM held on 29/07/2015 –
 - i) Approval of Mortgage by Company.
 - ii) Change of Address of Registrar & Transfer Agents.
3. At the AGM held on 28/07/2016 –
 - (i) Reappointment and revision in the remuneration of Sri H.L. Ralhan, Director and Chief Executive (Denim Division).
 - (ii) Revision in the remuneration of Sri L.N. Agarwal, Chairman and Managing Director.
 - (iii) Revision in the remuneration of Sri Paritosh K. Agarwal, Managing Director.
 - (iv) Revision in the remuneration of Smt. Padmini Agarwal, Wholetime Director.

c) Whether any special resolution passed last year through postal ballot – details of voting pattern;

NIL

d) Person who conducted the postal ballot exercise

NOT APPLICABLE

e) Whether any special resolution is proposed to be conducted through postal ballot

NIL

f) Procedure for postal ballot

NOT APPLICABLE

9. Means of Communication.

a) Quarterly results.

Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website www.suryalakshmi.com

b) Quarterly results are normally published in which newspapers

The Quarterly results are usually published in Business Standard, Economic Times and Nava Telangana.

c) Any website, where displayed

www.suryalakshmi.com

d) & e)

Whether it also displays official news releases and the presentations made to institutional investors or to the analysts.

The website shall be used for this purpose, when the occasion arises.

10. General Shareholder Information.

a) AGM : Date, Time and Venue

Date : Monday, 28th August, 2017.

Time : 10.30 A.M

Venue : Rajdhani Hall, 1st Floor, Lions Bhavan. Behind LIC & HDFC Bank, Near Paradise Circle, S.D. Road, Secunderabad - 500003

b) Financial Year

1st April to 31st March following

c) Date of Book Closure

22nd August, 2017 to 28th August, 2017 (both days inclusive).

Dividend Payment Date: 9th September, 2017

d & e) Listing on Stock Exchanges & Stock Code

The shares of the Company continue to be listed on the Stock Exchanges at the National Stock Exchange and BSE Limited and the Company has paid upto date all the listing fees to these exchanges.

Name of the Stock Exchange	CODE	Address
National Stock Exchange of India Limited	SURYALAXMI	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E) MUMBAI - 400 051
BSE Limited	521200	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400001

f) and g) Market Price Data : High, Low during each month in last financial year and Performance in comparison to broad – based indices such as BSE Sensex, CRISIL index, etc.

Month	National Stock Exchange		BSE Limited			
	Share Price (₹)		Share Price (₹)		Sensex	
	High	Low	High	Low	High	Low
April, 2016	146.20	99.2	146.10	97.50	26100.54	24523.20
May, 2016	155.15	130.00	156.00	128.00	26837.20	25057.93
June, 2016	154.95	135.35	154.50	138.00	27105.41	25911.33
July, 2016	165.50	127.45	165.30	127.45	28240.20	27034.14
August, 2016	152.00	134.05	152.00	133.60	28532.25	27627.97
September, 2016	152.00	126.00	151.70	126.15	29077.28	27716.78
October, 2016	149.00	129.00	149.25	129.50	28477.65	27488.30
November, 2016	145.00	112.90	144.95	110.20	28029.80	25717.93
December, 2016	135.50	120.20	135.00	120.00	26803.76	25753.74
January, 2017	142.00	126.40	141.00	126.95	27980.39	26447.06
February, 2017	135.30	105.15	135.45	105.05	29065.31	27590.10
March, 2017	114.00	102.75	115.00	103.15	29824.62	28716.21

h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof

NOT APPLICABLE

j) Share Transfer System:

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

i) Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District, Nanakramguda,
HYDERABAD – 500 032.
Tel.: 040-67161606

k) Distribution of shareholding.

Shareholding pattern as on 31.03.2017.

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	5933133	35.59
Bodies Corporate	1238460	7.43
Banks & Financial Institutions	111093	0.66
Mutual Funds	2800	0.02
FII's	0	0
Non Resident Indians	59915	0.36
TOTAL	16672290	100.00

Distribution of shareholding

Distribution Schedule - Consolidated as on 31st March 2017

Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
01-5000	7,270	83.12	9,769,340	5.86
5001- 10000	703	8.04	5,595,910	3.36
10001- 20000	367	4.20	5,671,120	3.40
20001- 30000	127	1.45	3,244,760	1.95
30001- 40000	68	0.78	2,466,260	1.48
40001- 50000	43	0.49	2,048,120	1.23
50001- 100000	80	0.91	5,797,960	3.48
100001& Above	88	1.01	132,129,430	79.25
Total	8,746	100.00	166,722,900	100.00

i) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialisation on both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 16545156 shares amounting to 99.24% of the Capital have been dematerialised by investors as on 31st March, 2017.

ISIN : INE713B01026

Address of Registrars for Dematerialisation of Shares.
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District, Nanakramguda,
HYDERABAD – 500 032.
Tel.: 040-67161606

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

NOT APPLICABLE as the Company has not issued any of the above instruments.

n) Commodity price risk or foreign exchange risk and hedging activities.

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities, hence same are not applicable to the Company.

o) Plant Locations Yarn Divisions

a) Amanagallu

Ranga Reddy Dist.
Telangana - 509 321

b) Amravati

Address : Plot No.T-3,
Additional Amravati Industrial Area, Textile Zone,
Zone : Nandgaonpeth, Tuljapur Village,
Talkhanda, Dist.Amravati,
Maharashtra – 444901.

Garment Division

Survey No.219, Thummalur,
Maheswaram Mandal, Ranga Reddy Dist.
Telangana - 501359

Denim Division & Power Plant

Ramtek Mauda Road
Village Nagardhan, Tehsil Ramtek, Nagpur.
Maharashtra - 440 010

p) Address for correspondence :

i) for transfer / dematerialisation of shares, change of address of members and other queries relating to the shares of the Company:

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District, Nanakramguda,
HYDERABAD – 500 032.
Tel.: 040-67161606

ii. any queries relating to dividend, annual reports, etc.

The Company Secretary,
Suryalakshmi Cotton Mills Limited,
6th Floor, Surya Towers, 105, S.P.Road,
Secunderabad – 500 003.
Phone No(s): 040 - 27819856/57 & 040 – 30571600/1622
Fax No : 040 - 27846854.
Email ID : cs@suryalakshmi.com

11. Other Disclosures

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

During the year under review, your Company had not entered into any material transaction with any of its related parties.

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions.

Omnibus approval was granted by the Audit Committee for transactions entered with related parties for the financial year 2016-17 and the same was reviewed/cleared by the Audit Committee at regular intervals.

The necessary disclosures regarding the transactions with related parties are given in the Notes to the financial statements.

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>.

b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL

c) Details of establishment of Vigil Mechanism, Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and employees to report to the management about unethical behavior, fraud, violation of Company's Code of Conduct. None of the Personnel has been denied access to the audit committee.

d) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements.

Mandatory requirements: All complied with.

Discretionary requirements :

- 1. The Board :** The Board is headed by an Executive Chairman.
- 2. Shareholder Rights :** Half-yearly reports is not being sent to each household of shareholders as shareholders

are intimated through the press and the Company's Website www.suryalakshmi.com.

3. Audit qualifications : There are no audit qualifications in the report.

4. Separate posts of Chairman and CEO. There are no separate posts of Chairman & CEO.

5. Reporting of Internal Auditor.

The Internal Auditor submits his report to the Managing Director and also to the Audit Committee for review, where the Company submits its replies and action taken on the report.

e) Web link where policy for determining 'material' subsidiaries is disclosed.

Not applicable as the Company has no subsidiary.

f) web link where policy on dealing with related party transactions.

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>.

g) disclosure of commodity price risks and commodity hedging activities.

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities, hence same are not applicable to the Company.

h) Disclosure of Accounting Treatment

Your Company has not adopted any accounting treatment different from that prescribed in the Accounting Standards.

12. Non-Compliance of any Requirement of Corporate Governance Report Sub-Paras (2) to (10) above with reasons thereof:

All the requirements of Corporate Governance Report sub-paras (2) to (10) are complied with.

13. The Corporate Governance Report shall also disclose the extent to which the Discretionary Requirements as specified in part E of Schedule II have been adopted.

Details given under 11(d) of the above.

14. The Disclosures of the 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 Given Below:

Regulation	Particulars of Regulations	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	NOT APPLICABLE
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Dissemination of information on website	Yes

15. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT.

- (i) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;**

112 shareholders - 28016 shares.

- (ii) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;**

ONE

- (iii) number of shareholders to whom shares were transferred from suspense account during the year;**

ONE

- (iv) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.**

111 shareholders – 26983 shares.

- (v) The Company declares that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.**

CEO's declaration regarding Code of Conduct

As provided under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with Suryalakshmi Cotton Mills Limited Code of Conduct for the year ended March 31, 2017.

for SURYALAKSHMI COTTON MILLS LIMITED

Place : Secunderabad
Date : 13th May, 2017

L.N. Agarwal
Chairman & Managing Director

CEO / CFO Certification

We hereby certify that :

- A. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2017 and certify that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with 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 violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Secunderabad
Date : 13th May, 2017

P. S. Subramanyam
President (Finance)

Paritosh K. Agarwal
Managing Director

Auditors' Certificate

To the members of

SURYALAKSHMI COTTON MILLS LIMITED,

Secunderabad.

We have examined the compliance of conditions of Corporate Governance by SURYALAKSHMI COTTON MILLS LIMITED, for the year ended 31st March, 2017 as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 above listing regulations. We state that in respect of investor grievances received during the year ended 31st March, 2017, no investor grievances are pending against the Company as on 31st March, 2017 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. 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 Registration No. 000513S

Place : Hyderabad
Date : 13th May, 2017

K. Shravan
Partner
(Membership No.215798)

Annexure 3

CSR Report

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs.	Suryalakshmi is acutely conscious of the contribution of the society at large to its growth and well being as a corporate citizen. To this end the Company has formulated a CSR policy which recognises the policy as an engine for inclusive growth. The Company has worked on areas like health care, animal welfare, promotion of rural education, drinking water supply, agro forestry, etc. The Company is working on identifying more areas which will have a wider impact on the society and the environment, in the areas where it operates. http://www.suryalakshmi.com/investor-corporate-governance.aspx CSR activities of Suryalakshmi are carried out through:- Contributions to various Trusts / Societies and directly by Company.
2.	The Composition of the CSR Committee.	Sri L.N. Agarwal – Chairman Sri R. Surender Reddy – Member Sri Paritosh K. Agarwal – Member
3.	Average net profit of the Company for last three financial years (Profit before Tax)	₹2654.99 Lakhs
4.	Prescribed CSR expenditure (two percent of the amount as in Item 3 above)	₹53.10 Lakhs
5.	Details of CSR spent during the financial year.	
	a) Total amount to be spent for the financial year;	₹53.10 Lakhs
	b) Amount unspent, if any;	₹33.52 Lakhs
	c) Manner in which the amount spent during the financial year is detailed below.	
6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board Report.	Please refer to Directors' Report at Page No. 27
7.	Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives of Suryalakshmi in line with CSR Objectives and Policy of the Company.	

L.N. Agarwal

Chairman & Managing Director

Place : Secunderabad

Date : 13th May 2017

L.N. Agarwal

Chairman Of CSR Committee

Sl. No.	CSR Project Or Activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local Area Or Other (2) Specify The State & Dist. Where Projects Or Programmes Was Undertaken	Amount Outlay (Budget) Project Or Programs Wise	Amount Spent On The Projects Or Programs (1) Direct Expenditure On Projects Or Programs (2) Over Head For The FY2016-17	Cumulative Expenditure Up To The Reporting Period For The FY 2016-17	Amount Spent: Direct Or Through Implementing Agency
1	Renovation of School	Promoting Education	Konapur School, Amangal, Mahabubnagar Dist., Telangana	900,000	56,940	56,940	Direct by the Company
2	Construction of Toilets	Promoting Sanitation	Nimkheda, Tq Mauda, Nagpur, Maharashtra	150,000	Spent 4,27,183/- in FY 2015-16	Spent-4,27,183/- in FY 2015-16	
3	Storage Pond	Provision For Drinking Water	Chacher, Tq Mauda, Nagpur, Maharashtra	300,000	369,046	369,046	KAMALABAI SAWARKAR SHIKSHAN SANSTHA Grampanchayat, Nagardhan
4	Shed for Funeral Yard	Rural Development Project	Grampanchayat, Nagardhan	320,000	319,932	319,933	Direct by the Company
5	Health Care	Promoting of Naturopathy	Project At Nagpur	50,000	50,000	50,000	International Naturopathy Organisation
6	Promoting Education	Free Stationery, Transportation Etc., for Children	New Naimisaranya, Dablipur, Medchal, R R Dist., Telangana	50,000	50,000	50,000	International Society For Krishna Consciousness (ISKCON)
7	Promoting Education	Salaries to teaching staff	MPP Middle School, Vittal Pally, Amangal, Mahabubnagar Dist., Telangana	100,000	81,500	81,500	Direct by the Company
8	Contribution for Animal Welfare at Nehru Zoological Park	Animal Welfare Project	Hyderabad, Telangana State	100,000	100,000	100,000	CURATOR, NEHRU ZOOLOGICAL PARK
9	Gau Seva	Animal Welfare Project	Hyderabad, Telangana State	60,000	160,000	160,000	BHAGYANAGAR GAU SEVA
10	Educational equipment for differently abled Children	Promoting Education	Ramtek, Nagpur, Maharashtra	38,500	76,331	76,331	SHRI SANT GADGE MAHARAJ MUK BADIHI NIWASI VIDYALAYA
11	Surveillance Camera System	Rural Development Project	Ramtek, Nagpur, Maharashtra	32,515	32,515	32,515	NOBLE INFOSYS
12	Ramtek PS Medical Treatment for Old Age Persons	Health Care	Outtab Institutional Area, New Delhi	30,000	30,000	30,000	HELPEAGE INDIA
13	Eye Cataract Surgery	Preventive health Care	Tribal & Rural Belt of Ramtek, Dist. Nagpur, Maharashtra	150,000	150,000	150,000	YOGIRAJ SWAMI SITARAMDASJI MAHARAJ HOSPITAL RESEARCH CENTRE

(in ₹)							
Sl. No.	CSR Project Or Activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local Area Or Other (2) Specify The State & Dist. Where Projects Or Programmes Was Undertaken	Amount Outlay (Budget) Project Or Programs Wise	Amount Spent On The Projects Or Programs (1) Direct Expenditure On Projects Or Programs (2) Over Head For The FY2016-17	Cumulative Expenditure Up To The Reporting Period For The FY 2016-17	Amount Spent: Direct Or Through Implementing Agency
14	Employment enhancing vocational skills	Tailoring training centre	Satamral Hyderabad, Telangana State	350,000	300,808	300,808	Direct by the Company
15	Livelihood enhancement Projects for the differently abled	Livelihood enhancement	Hyderabad, Telangana	10,000	10,000	10,000	Devnar Foundation for the Blind
16	Promoting Education	Electric Fitting Charges in Computer Lab	Ramtek, Nagpur, Maharashtra	20,725	20,725	20,725	Zilla Parishad Primary School
TOTAL				2,661,740	1,957,798	1,957,798	

CSR Amount to be spent during the FY : 2016-17 53.10 Lakhs

Annexure 4

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31-03-2017

FORM NO.MR- 3

(Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,

Suryalakshmi Cotton Mills Limited

Secunderabad.

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **Suryalakshmi Cotton Mills Limited** (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 ("Audit Period") 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 there under;
 - 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 during the audit period
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable during the audit period
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable during the audit period
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable during the audit period
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable during the audit period and
- vi. The Company is into business of manufacture and sale of cotton & blended yarns and denim fabric / garment and power generation. Accordingly, the following Industry specific Acts are applicable to the Company, in the view of the Management:
 - i) The Essential Commodities Act, 1955 and rules and notifications made thereunder
 - ii) The Electricity Act, 2003 and rules and regulations made thereunder
- vii. I, have also examined compliance with the applicable clauses of the following:
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b. Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board and General Meetings of the Company.

During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., mentioned above.

- 3. I, further report that:
 - a. 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 the year under review were carried out in compliance with the provisions of the Act.

- b. Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
- 4. I, further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
- 5. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above

Place: Hyderabad
Date: 13TH May, 2017.

K . V . Chalama Reddy
Practising Company Secretary
M. No: 13951, C.P No: 5451

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

Annexure 'A' to Secretarial Audit Report

To,
The Members,

Suryalakshmi Cotton Mills Limited

Secunderabad.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Whereever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. 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

Place: Hyderabad
Date: 13TH May, 2017.

K . V . Chalama Reddy
Practising Company Secretary
M. No: 13951, C.P No: 5451

Annexure 5 to Directors' Report

Details as required under Companies (Accounts) Rules, 2014.

A. Conservation of Energy

(i) the steps taken or impact on conservation of energy;	1. Continued replacement of Haligen lamps by LED tubes.
(ii) the steps taken by the company for utilising alternate sources of energy;	2. Replacement of normal ceiling fans by power saving ones.
(iii) the capital investment on energy conservation equipments;	3. Reduction of blade angle for supply of Fans in preparation plants.
	4. UFD/EE2 motors installed for power saving.
	5. Increased utilisation of solar power.

B. Technology Absorption

(i) the efforts made towards technology absorption;	NOT APPLICABLE
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
(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; and	NOT APPLICABLE
(iv) the expenditure incurred on Research and Development.	₹30.18 Lakhs

C. Foreign Exchange Earnings and Outgo :

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

	(Figures in ₹ Lakhs)	
	2016-17	2015-16
Foreign Exchange Earned		
FOB Value of Exports	14736.33	13603.02
CIF Value of Exports	15028.60	13918.38
Foreign Exchange Used		
(a) Commission on export sales	205.00	144.22
(b) Foreign Travel Expenses	24.35	26.33
(c) Raw material	1246.56	9.15
(d) Plant / Machinery & Others	451.15	2309.49
(e) Stores & Spares	2330.79	2282.25
(f) Repayment of loans	1451.35	1331.12
(g) Interest	104.71	138.25
(h) Foreign Technical and Consultancy Services and	18.72	13.64
(i) Others	79.51	89.78

Annexure 6

Management Discussion & Analysis



Global Economic overview

Faced by a number of headwinds in 2016, the global economy clocked a growth rate of 2.6% in 2016. This above forecast (forecasted growth rate: 2.5%) performance of the global economy can be largely attributed to the accelerated performance in the final quarter of 2016 due to a combination of improved conditions in emerging market countries and stronger growth in developed economies. The global economy expanded 2.7% year-on-year in Q4, above the 2.5% rise in Q3 and the strongest print in the full year. (Source: <http://www.focus-economics.com/regions/major-economies>)

The first half of 2016 gave a number of reasons to worry about. Amongst the many the most notable one's were the extent of China's economic slowdown, crude oil prices hitting a 13 year low owing to supply glut, declines in the commodity prices, subdued global trade, sessions of financial market volatility and weakening capital flows. Along with all these factors, constant geo-political pressure across the globe degraded the prospects of global

economic growth so critically that IMF raised concern regarding the growing chances of an economic crisis in the days to come.

However, the global economy made a strong comeback in the second half as the dark clouds started clearing up with the concerns pertaining to Chinese economy subsiding slowly, as the oil prices rose more than 50% on the back of signs of diminishing stocks and growing expectation from the OPEC body to limit the output and a number of other economic factors slowly started moving towards the positive.

Despite all the cloud coverings, a number of positive factors, like steadily growing South Asian economy and slowly recovering U.S. and European economy, are expected to clear the cloud covering. According to World Bank, the global economic growth is expected to pick up in 2017 although slightly, thus enabling it to clock a growth rate of nearly 2.7%. This slight strengthening will be driven mainly by improvements in emerging markets and developing economies. (Source: BBC)

Indian economic overview

India is the seventh largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 economies, a member of BRICS and among the top 20 global traders according to the WTO. (Source: Economic Times)

With a stable government at the helm for some time now, the economy has bounced back to its growth track in the last couple of years. Such was the growth trajectory of India that even IMF predicted that it would surely surpass the growth rate of the Chinese economy in 2016-17. For a major part of 2016, the India economy grew as per the expectations but in the last few months the growth was held back considerably as demonetisation hit the economy like a storm. Sudden cash shortages and payment disruptions caused by the demonetisation did undermine consumption and business activity significantly, thus posing new challenges to sustaining the growth momentum. The first advance estimate data released by the Indian Central Statistics Office, without considering the full impact of demonetisation, indicated that the Indian economy is expected to clock a full year growth rate of 7.1% in 2016-17 compared to 7.6% in the previous year. (Source: TOI)

Industry overview

Global textile and apparel scenario

Textile and apparel sector is a major sector globally. Since the initial stages of global industrialisation, textile and apparel sector has remained at the forefront in generating employment and adding significantly to manufacturing output and exports for countries.

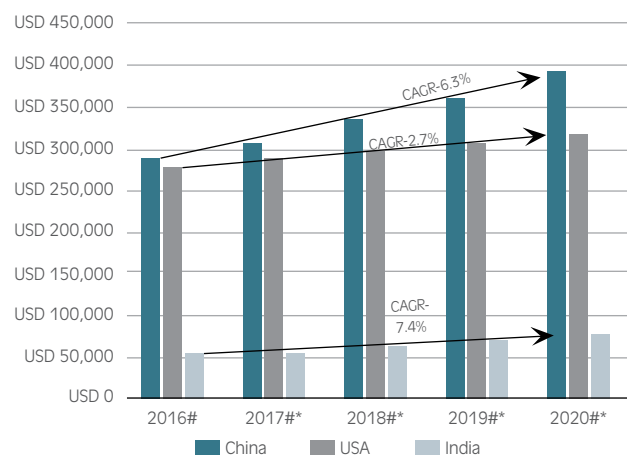
The year 2016 proved more challenging than expected for the global textile and clothing (T&C) sector, as the global economy failed to break the 3% GDP growth rate. A gloomy global scenario had its share of impact on the output sales, which saw a decline of 1.5%. This decline is mostly attributable to the protracted lower-than-bearable demand that resulted in a deflationist spiral. The only

positive was that the T&C producer prices remained stable, as in China, but in a number of countries it still saw some decline. US PPI was down 1.2% on average in 2016 while India's shed 1.8%. As a result, international trade, which accounts for a third of total T&C output, lost USD 40 billion worth of business.

After having witnessed bumpy growth in 2016, global textiles industry is upbeat about a fresh innings in 2017. Price increases are resuming due to firmer demand prospects. T&C producer prices are forecasted to rise 0.5% in 2017 in the US and China, and by 1.5% in 2018 for the latter. As a result, exports should climb by 3.5% to USD925 billion, if no major occurrence upends international trade. While challenges are still surmounting, some upcoming trends like stable cotton prices, subsiding uncertainties surrounding US presidential election and it's socio economic and geopolitical stance, Brexit taking shape, tightening retail margins and strong focus promotions is surely to give a head start. Asian region largely dominated by China and India is expected to emerge as the brightest spot for the sector in terms of annual average expenditure and by 2018 market demand for clothing in the region is set to reach almost USD 340 billion. (Source: Euler Hermes)

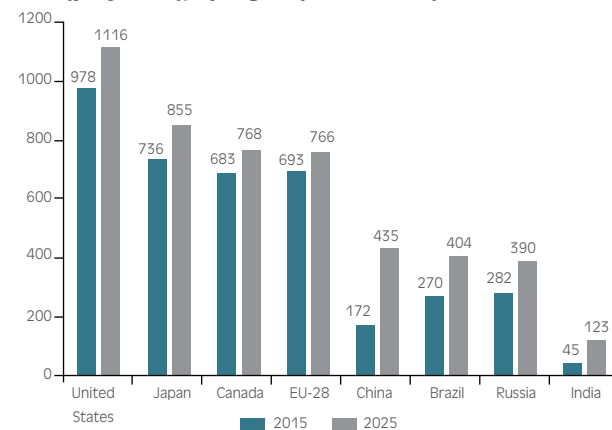
It has been observed that per capita consumption of garments in developed countries like Australia, Canada and the US is much more than developing countries. India has the lowest per capita spend on garment (US\$ 37) which is only 3% of the highest one viz. Australia (US\$ 1,131). But as the economic growth prospects of countries like India, China and Brazil among others are over taking the developed nations, it is expected that the per capita spend on garment will grow at a faster rate than the economy in Brazil, Russia, India and China; whereas it will be slower or at par with the economic growth in developed markets over next few years. Further when the population base of China and India is taken into account; one can see the enormous growth in consumption in both these countries in the foreseeable future.

Top-3 global apparel markets (in terms of value)



(#: in million USD, *: projected, Source: <https://shenglufashion.wordpress.com/2016/10/16/statistics-global-apparel-market-2016-2018/>)

Per capita expenditure on apparel worldwide in 2015 and 2025 (projected), by region (in US dollars)



(Source: <https://www.statista.com>)

Global apparel industry

Strengths

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

Weaknesses

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



By 2020, the global textile and apparel trade is expected to grow from 24 million metric tonnes to 105 million metric tonnes. Due to low operational costs and geographical advantages, Asian countries are poised to contribute most to the segment. China, India and Pakistan account for more than 60% of the world fibre consumption while Bangladesh and Vietnam have emerged as textile economies, dependent on imported textile inputs.

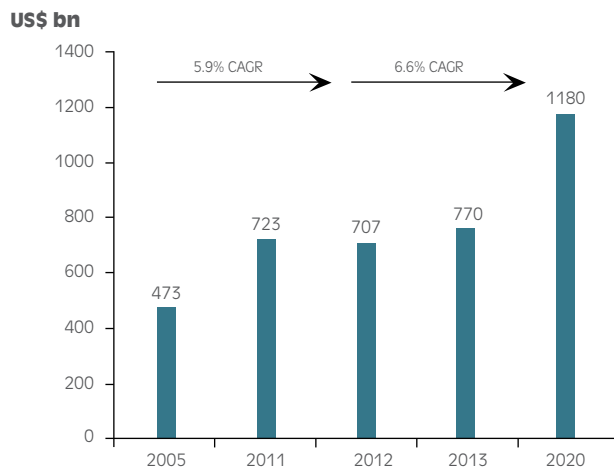
Indian textile and apparel scenario

Market overview

Indian textile industry is vertically integrated covering a wide range of activities from production of basic raw material like jute, cotton, silk and wool to manufacturing of varieties of synthetic and man-made fibres and to the provision of higher value added consumer products such as fabrics and garments.

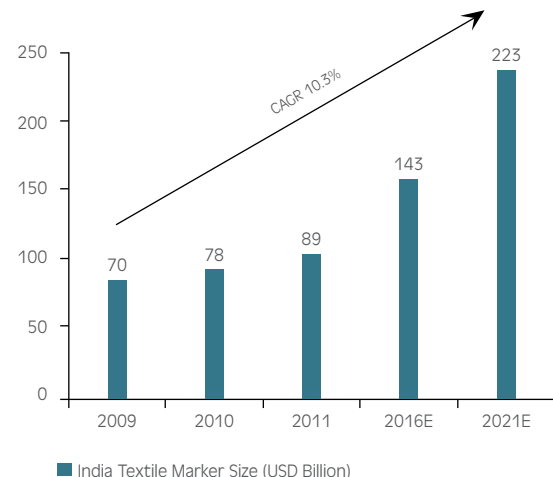
The Indian textiles sector, currently estimated at around US\$ 108 billion, is one of the largest contributors to India's exports with approximately 11% of total exports and is expected to reach US\$ 223 billion by 2021, by growing at a CAGR of 10.3%. The Indian textile industry, highly labour intensive, is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5% to India's Gross Domestic Product (GDP), 14% to overall Index of Industrial Production (IIP) and constitutes 15% of the country's export earnings. The textiles industry has also made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP.

Global Textile & Apparel Trade



Source: UN Comtrade, CII Knowledge report and Wisedge Analysis

India Textile Market Size (USD Billion)



Source: <https://vibrantgujarat.com/>

The textile industry has two broad segments. The first is the unorganised sector which comprises small-scale handicraft units and using traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques to avail the advantage economies-of-scale.

India is the...

- Largest cotton and jute producer in the world
- Second largest textile fibre producer in the world
- Second largest textile manufacturing capacity globally

(Source: <http://www.makeinindia.com/sector/textiles-and-garments>)

India...

- Is the 2nd largest cotton and cellulosic fibers producing country in the world
- Is the 2nd largest producer of silk and contributes about 18% to the total world raw silk production
- Has the 3rd largest sheep population in the world and produces nearly 45 million kilograms of raw wool and accounts for ~3% of total world wool production
- Is the largest producer of jute
- Is the 4th largest manufacturer of synthetic fibres/yarns
- Is the 6th among clean wool producing countries and 9th among greasy wool producing countries

(Source: <https://vibrantgujarat.com/>)

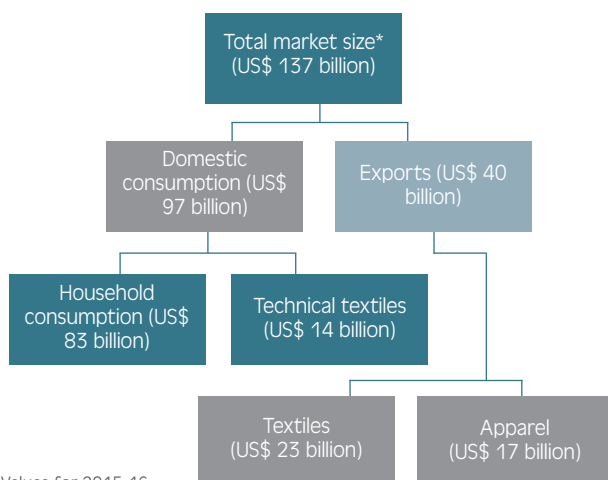
Exports

With a contribution of around 13% to the national exports, the Indian textile industry is one of the main stays of the national economy. The sector is not just one of the largest contributing sectors to India's exports but has also helped the nation by contributing 27% of foreign earnings due to export of textile and clothing. Despite being one of the mainstays of the economy, the textile exports segment saw a contraction of 2% in FY16 largely driven by lower fibre prices. However in FY2017, the industry expects the export market to grow by nearly 6% and reach a market size of around US\$40 billion. Over the last 10 years the Indian textile exports has grown at a CAGR rate of 9.97% and with the growing momentum of the Indian exports, it is expected to reach US \$ 185 billion by the year 2024-25.

Budget 2017 allocation for the textile industry

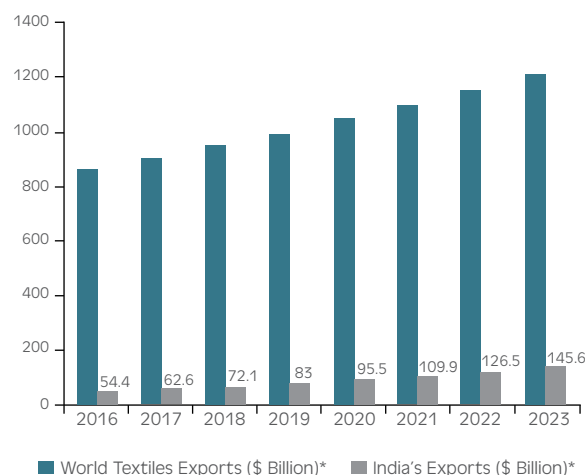
- Higher fund allocation for labour skilling and end-to-end logistics solutions, including rail and coastal shipping last-mile connectivity. Thus helping the industry to achieve the \$350-billion target in next few years as set by the union government. A sum of ₹2,200 Crores has been allocated towards upgrading of labour skills.
- The government proposed to allocate funds for affordable housing scheme (as sought by the textile sector), which according to the industry experts may act a boon to the sector.
- Provision for the development of textile infrastructure has been increased to ₹1,860 Crores in 2017-18 from ₹506 Crores in FY17.
- Increase the allocation towards remission of state levies to ₹1,555 Crores for 2017-18 from ₹400 Crores for 2016-17, which is likely to result in 1-1.5% cost savings for a section of exporters.

Breakdown of the Indian textile industry



*Values for 2015-16
(Source: <http://handlooms.nic.in>)

Indian global exports



- Basic custom duty on Nylon mono filament yarn (for use in long line system for Tuna fishing only) has been reduced to 5% (from earlier 7.5%).
- Textile and apparel industry would benefit from Trade Infrastructure Export Scheme (TIES) with an allocation of ₹3.96 Lakhs Crore. Higher income and spending by rural India will stimulate consumption of textiles and apparels.
- Reduction of corporate tax by 5% to MSME (turnover below ₹50 Crores) will benefit textile and apparel industry as majority of enterprises fall into this category.

(Source: <https://www.fashioningworld.com/new1-2/union-budget-2017-18-gets-a-thumbs-up-from-textile-industry> & <http://www.financialexpress.com/industry/sme/union-budget-2017-provides-big-boost-to-textiles-sector-heres-why/537109/>)

Road ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a CAGR of more than 13% over a 10-year period. Further the slowdown in the Chinese economy has caused the cost of textile production in China to spiral beyond control. This in turn has provided the Indian textiles sector with an opportunity to grab the market share of China in the developed world, especially in the European Union and the United States, which cumulatively comprise around 60% of the global export market.

Segment review

Polyester yarn

The crop year of 2015-16 has seen considerable fall in polyester price, which has happened on the backdrop of decline in crude oil prices. During the period between April and February 2015-16, polyester price fell by around 21% to \$1.22 per kilogram from \$1.55 per kilogram during the same period last year. However, in spite of fall in price, polyester has managed to emerge as the replacement for cotton in the global market. (Source: ICRA Research report, March 2016)

Denim

Overview

In 2014, the global denim industry witnessed a growth of 5% and it is estimated that the industry would be worth \$64.1 billion by 2020 increasing from \$55 billion in 2014. Currently, the US and Europe are considered to be the largest market for denim. However, the new-age economies such as China and India are gradually increasing their share of denim consumption. The per capita consumption of



denim in India is 0.3 pairs, while the same in China and the US are one and eight pairs, respectively. Denim has emerged as the most promising segment in the Indian apparel market. As in 2013, denim accounted for 5% of the total apparel industry in India. As far as the numbers are concerned, the Indian denim market size was worth ₹13,880 Crores in 2013, which is expected to grow to ₹27,200 Crores by 2018 at a CAGR of 15%. About 85% of its contribution in India is collected from the men's wear segment and 9% of it comes from the women's denim segment, while the remaining 6% comes from the kids' section.

Consumption analysis

According to the Cotton Inc. reports, only 32% of Indians prefer to wear denim, which is relatively lesser than that in other emerging and advanced countries. In China and Japan, the numbers are 58% and 57% respectively, while 70% of the US population likes to wear denim. It is expected that the demand for denim in India is about to rise because of the shifting of denim from a casual apparel choice towards a professional wearing options, rise in middle-class income index as well as the growing preference of Western fashion are considered to be some of the major drivers of the demand for denims.

Outlook

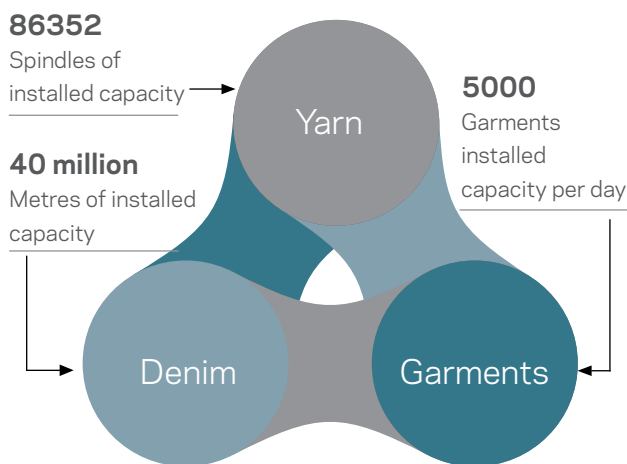
The Textile Ministry has received ₹4594.82 Crores for the upcoming financial year to support its various schemes covering the entire textile industry. In 2015-16, the budget allocation for the ministry was ₹4326.44 Crores. The flagship ATUF scheme has been allocated ₹1480 Crores for FY 2016-17 compared to ₹1510.79 Crores in the FY 2015-16. Apart from ATUFS, all central funded schemes for textile sector have received required allocation of funds. The Indian Government's focus on the farmer and rural sector is expected to boost the economic health of rural India which in return will improve consumption of textiles and apparels. Significantly large expenditure by the government in the rural and agricultural sector

will stimulate demand. Domestic textile market size is anticipated to grow significantly, driven by increased consumption from rural and suburban areas and by the rising middle class of the nation in the next couple of years.

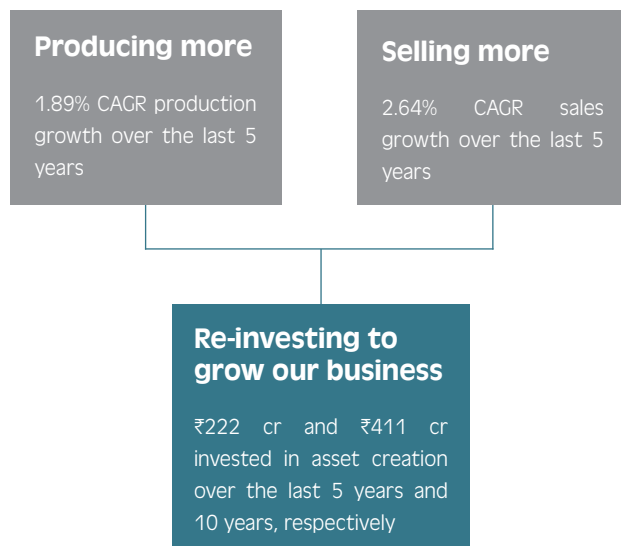
Company overview

Introduction

Suryalakshmi Cotton Mills Limited (SCML) has emerged as a leading integrated manufacturer of finest yarn, premium denim fabric and garments, while continuing our operations in India for the last five decades. Driven by our operational excellence and value-added



We have also consistently strived to invest in our resources assets, capacities and capabilities to sharpen competitiveness within its industry space and simultaneously reinforce its position as among the largest, fastest growing and least cost yarn manufacture to finished garment producers in the country:



quality products, the Company is the most preferred ODM (original denim manufacturer) for the popular brands across the world. This has allowed us to acquire a dominant market share across the mid and premium denim segment.

Integrated business model

Suryalakshmi Cotton Mills delivers cutting edge designs to the customers, with help of our integrated modern state-of-the-art manufacturing facilities. One of the reasons behind our competitive advantage has been our presence across the entire value chain, right from yarn manufacturing to production of finished garments. We understand and evaluate the changing trends and stay ahead of the curve by predicting the future trends.



Product mix

At Suryalakshmi, the commitment to deliver quality and value added products, is envisaged to sustain the trust of our partners and customers. The Company has ensured premium quality by modernising the manufacturing facilities at regular intervals, and creating a prudent product mix to enhance our margins levels.

Accreditations

Our committed manufacturing operations have earned us quite a number of global certifications across important areas including quality, environment, health & safety, as well as ethical values.

- ISO 14001:2004 Certification
- ISO 9001:2008 Certification
- Oeko-Tex Certification
- Better Cotton Initiative
- Supplier Ethical Data Exchange (SEDEX)

Business segment overview

Yarn

86352

Spindles Installed
capacity as on 31st
March, 2017

91%

Capacity utilisation
level during FY
2016-17

39.40%

Contribution to
total revenue

Starting primarily as a yarn manufacturing company, over the years Suryalakshmi has evolved as a fabric and garments manufacturer with continuous and seamless integration. Today, the Company is engaged in producing cotton, polyester and blended yarns across its four manufacturing units. The Company's key strengths lie in delivering high-quality products to its domestic as well as international customers and proactively investing in cutting-edge spindles.

Manufacturing capacity

With state-of-the-art manufacturing units located at Telangana and Maharashtra, the Company possesses ultramodern spinning units which specialise in the production of cotton and synthetic yarn, which are accepted globally for their top-class quality. The current installed spindle capacity of Suryalakshmi is 86352 and expected to reach 95000 by the next financial year. Over the years the company has not just increased its capacity but has also widened its portfolio with value-added yarns, thus complementing the Company's captive need for niche products. With an average spindle age of 11 years, the spindles not only produce optimum result but also enable the Company to adhere to Uster standards, the global spinning benchmark.

Technology

Suryalakshmi has prudently selected to invest in cutting-edge technologies sourced from some of the most respected global suppliers, thus enabling itself to deliver world-class products across the value chain. Manufacturing assets less than 10 years old accounted for 53 % of the Company's assets at the close of 2016-17. This preference for cutting-edge investment resulted in the manufacture of innovative value-added products that helped our customers take the Company brand ahead and has also ensured customer satisfaction and business sustainability.

Market presence

Suryalakshmi believes that in a capital and labour-intensive business like textiles, success is derived from the ability to maximise off take, making it possible to cover fixed costs more effectively. Over the years the Company has spread its wings not just across the length and breadth of India but also globally. Today the Company has a sales presence in 27+ countries across North America, South America, & Asia and is associated with some of the top brands of the industry like Lee, Wrangler, Levi's, JC penncry and Walmart among others.

Denim

40 million

metres Installed
capacity as on 31st
March, 2017

94%

Capacity utilisation
level during FY
2016-17

52.08%

Contribution to
total revenue

Overview

Suryalakshmi brings to the table a rich repository of sectoral knowledge spread across more than two decades. This enabled the Company to cement its place in the global denim industry as one of the most preferred denim suppliers capable of meeting all required standards. The denim section of the Company associates itself with some of the top international brands like Wrangler, Lee, Levi's and Pepe Jeans, among others. In order to meet the ever-changing fashion demands of the world, the Company consistently and consciously tries to focus on quality, innovative craftsmanship and development of value-added fabrics. This innovative strategy on the part of the Company has helped it earn the status of a preferred supplier for a long period of time.

Manufacturing

Suryalakshmi is a company with an eye for detail and this attitude has helped it emerge as a market leader not just in India but also across the world. This has also helped the Company in making its present felt in such a fast-changing and competitive textile market. The state-of-the-art denim manufacturing facility of the Company is located at Ramtek in Maharashtra and boasts of an installed capacity of 40 million metres per annum, among one of the highest in the industry.

Product mix

In this ever changing fashion and apparel industry, where the life-cycle of a fashion product is getting shorter with each passing day, the survival of a company depends on how wide its product portfolio is. With a motto to keep its customers 'satisfied', Suryalakshmi provides them a wide range of top-quality products to choose from. Suryalakshmi's state-of-the-art manufacturing facilities ensure delivery of an expansive range of denim fabrics. Furthermore, the Company constantly engages with international teams to keep themselves updated in terms of latest technological and fashion trends. In an endeavor to further strengthen its relationships, the Company periodically engages in the research and development of niche fabrics, in terms of textures, washes, colours and shades.

Summer and winter collections

In order to make itself a truly global company, the Company has formed a fashion team which studies ongoing trends in the global fashion industry. The efficacy of this approach is vindicated by the Company's ability to launch eye-catching spring-summer and autumn-winter collections every year. This initiative has helped the Company emerge as an abiding partner instead of just another manufacturing vendor for its niche portfolio of global partners.

Garments

At SCML, over the years we have laid an unrelenting emphasis on partnering with some of the leading readymade garments brands in this world. This association with the top players has not only helped us evolve as a quality conscious player but has also helped us in becoming one of the leading original denim Manufacturer (ODM)

suppliers of high-quality garments to renowned names in Denim industry. The Company has its presence across the value chain of the fashion wear segments, ranging from menswear, women wear to kids wear.

SCML continuously focuses on product development backed by our collaboration with insights from fashion experts from around the globe. With a capacity of 5000+ garments per day, the Company is the hand behind leaders in domestic and global denim garment industry.

SCML's strengths

Value added products: Over the years, SCML has graduated beyond the commodity-end by focusing on value-added products. This positioning has not just helped the Company broad-base its operating risk and reduce its dependence on one or few varieties. But has also helped in beating the competition and staying relevant to the global multinationals.

Quality: The Company provides quality in conformity with stringent international standards. The Company has a strong QC team and invested in a sophisticated laboratory which helps the company comply with the international standards. This conscious effort to deliver quality product has helped the Company earn its customer's trust, which is one of the most important aspects of its success.

Technology: At SCML, we believe quality and variety are the two major factors behind the success of the textile company. In order to be at the best of the both, we selected to invest in cutting-edge technologies at all stages of our manufacturing and invested in updating our technology time-to-time, resulting in the manufacture of world-class products and a wide variety of products. thus enabling the company to beat completion and stay relevant.

In-house design team: Have created a dedicated design team in Italy, whose main KRA includes guiding the Company on changing fashion trends from the fashion capital. This enables us to cater



changing customer needs. The Company's design team also provides innovative and comprehensive designs to clients.

Diverse product mix: SCML is respected as a one of the few one-stop shop players in the textile sector, addressing the needs of diverse customers across the economic value chain. The Company created a wide and innovative product range, emerging as a preferred partner of several global customers. A wide range of products not only acts a catalyst for zero quality defects in our integrated business, but also helps us expand our market reach.

Environment friendly: SCML reconciles economy with ecology. All the manufacturing facilities of the company are benchmarked with global standards to ensure compliance to ecological balance. The manufacturing sites are integrated to recycle the waste generated, ensuring they zero discharge.

Captive power: At SCML, our own 25MW thermal power plant not only helps the company in reducing its dependency on external sources for its power but also provides cost competitiveness.



Risk mitigation

Risk remains a tangible business reality, which could have a material impact on the Company's performance and prospects.

At SCML, the overarching objective is one of responsible risk management. The Company has evolved a risk-management framework encompassing effective processes and catalysed by a talented pool of qualified professionals. As a result, its business decisions balance risk and reward, leading to profitable and sustainable growth.

Economic slowdown

Risk:

As the fashion and apparel industry has a direct relation with the economy of a nation via consumer spending, any slowdown or any unexpected government policy may lead to a substantial decline in the consumer spending which in turn may impact the profitability of all the companies present in this sector.

Mitigation:

The volatility and the uncertainty that was prevalent in the global economy in the early part of 2016, has subsided considerably with a number of socio-economic and geo-political factors taking the expected right shape. This led many economists believe the global economy would surely be able to sustain the growth momentum for some time now. As consumer spending increases, the textile industry is surely to be benefited from the same. It is also expected that the major developed and emerging economies would also hold onto their growth, which is also a positive sign for the industry. Further, the transition of some major economies from manufacturing to a consumer driven one, case-in-point: China, would surely be a big boost for the textile industry in terms of sustaining the positive demand and supply equilibrium.

International competition

Risk:

Emerging foreign countries with lower production costs compared to the Indian players may pose a big threat and may erode India's competitive advantage over other nations. This may lead to a loss of market share for the Indian players

Mitigation:

To mitigate this risk, the Company has been for some time now investing in value-added products, implementing cost optimisation measures and foraying into more profitable markets. Further, over the year we have been successful in creating market goodwill for the Company as an ethical and transparent company and a supplier of quality denim products. This along with some other strategies like coming up with attractive price-value propositions thus creating new product categories and extensive service commitment (in terms of timely delivery of products), has helped strengthening the Company's competitive edge.

Currency volatility

Risk:

As the company caters to a number of foreign national clients, it is always subject to the risk of foreign currency fluctuations.

Mitigation:

Currency volatility is related to commodity prices, but as the Company sources majority of its raw materials from India, it's not exposed too much to foreign currency risk. Secondly, the Company manages the currency risk by continuously monitoring the exposure and by limiting the same. Finally, as a sizeable chunk of the revenue for the company comes from the export, any devaluation of the foreign currency would be beneficial for the company as it would lead to higher foreign exchange earnings.

Fast fashion

Risk:

In a constantly changing fashion industry, inability to meet the needs of the clients specially for the outsourced manufacturers and that too within a blink of an eye, may lead to loss of the client and also market share – especially in the present competitive scenario.

Mitigation:

At SCML, we have got in place strong domestic and international design teams in India and in Italy respectively. The main KRA of these teams includes working closely with different fashion industries, monitoring and researching the prevalent or any upcoming trends and help the Company interpret these trends and help develop products matching the trend. Further the Company has in place an in-house R&D team who develops new shades, fabrics and textures every year and launches them in their bi-annual trend books.

Rise in the price of raw materials

Risk:

Cotton is the chief raw material used by the Company for manufacturing its products and fluctuating cotton prices may lead to inventory losses, which in turn may impact the top-line.

Mitigation:

As the manufacturing units of the Company are located in the close proximity of the rich cotton producing regions of India, the Company has an easy and quick access to a large quantity of raw-materials. This saves the Company from stocking too much of inventory and also from high transport and related expenses. Further the Company sources bulk quantity of raw materials from different government agencies at reasonable costs. All these helps the Company mitigate and reduce the impact of fluctuating raw material prices on the profitability.

Material developments on the human resources/ industrial relations front

There were no material developments in the Human Resources area. The industrial relations were generally found satisfactory. The Company constantly reviews its manpower requirements and has a dedicated and well-equipped department to take care of the same. The total number of people employed by the Company is 3780.

Discussion on Financial Performance

Operations

During the year under review, the turnover at ₹761.92 Crores registered a marginal increase over the previous year. The net profit after tax at ₹21.87 Crores shows a decline of 27% compared to the previous year.

The disruptive effect of demonetisation in the third quarter of previous year resulted in a loss of turnover and consequently lower production and less profitable operations. The fall out of demonetisation lasted until first two months in the fourth quarter of previous year. Yarn production declined by 15% and fabric production by 5%. Though yarn realisation improved over the previous year, it was more than offset by the increase in raw material prices. The fabric realisation remained more or less stagnant over the years. The strengthening of the rupee, increase in coal prices and the unremunerative realisation in the third party power sales have also impacted the results. In garment operations, the realisation has been stagnant while the fabric prices have risen.

Internal Control Systems and their Adequacy

The Company has an adequate internal control system in place, commensurate with the size and complexity of the organisation. A comprehensive review of all internal control systems have been carried out to take care of the Company's expanding size and resulting needs. The IT support systems have also been upgraded for the same. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

Cautionary statement

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, among others, which are valid only at the time of making the statements. A variety of factors known or unknown, expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions. Readers may therefore appreciate the context in which these statements are made before making use of the same.

Financial Statements

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Independent Auditors' Report

To the Members of
SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 (1) to (5) of financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer Note 25 (15) to the Financial Statements.

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

(K.SHRAVAN)
Partner
Membership No. 215798

Place : Hyderabad
Date : 13.05.2017

Annexure - A to the Auditors' 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 SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD, for the year ended March 31, 2017.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records maintained, 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 material 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 are no dues to 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 except as follows:

Nature of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Foreign Trade (Development & Regulations) Act, 1992	TPS #	3307.33	2004-05	Hon'ble High Court of Judicature at Hyderabad
Customs Act, 1962	Customs Duty #	559.37	2004-05	Commissioner, Central Excise Customs and Service Tax, Nagpur
	Custom Duty	61.49	2009	Hon'ble High Court of Judicature at Hyderabad

net of pre-deposit paid in getting the stay/appeal admitted.

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.	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.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.	14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
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.	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.
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.	16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
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.	for BRAHMAYYA & CO; Chartered Accountants Firm's Regn No. 000513S
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	
Place : Hyderabad Date : 13.05.2017	(K.SHRAVAN) Partner Membership No. 215798

Annexure – B to the Auditors' 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 SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD ("the Company") as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(K.SHRAVAN)

Partner
Membership No. 215798

Place : Hyderabad
Date : 13.05.2017

Balance Sheet

As at 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	2,544.53	2,544.53
(b) Reserves and surplus	2	32,044.47	31,037.61
		34,589.00	33,582.14
2 Non-current liabilities			
(a) Long-term borrowings	3	12,552.84	16,823.87
(b) Deferred Tax liabilities (Net)		4,079.93	3,743.11
(c) Long-term provisions	4	552.99	465.06
		17,185.76	21,032.04
3 Current liabilities			
(a) Short-term borrowings	5	16,872.22	15,811.01
(b) Trade payables		7,641.35	7,266.04
(c) Other current liabilities	6	9,147.47	8,233.98
(d) Short-term provisions	7	937.90	1,650.66
		34,598.94	32,961.69
Total		86,373.70	87,575.87
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		46,869.50	49,132.03
(ii) Intangible assets		29.39	38.14
(iii) Capital work-in-progress		1,523.96	285.61
(b) Long-term loans and advances	9	544.47	501.45
(c) Other Non Current Asset	10	-	169.26
		48,967.32	50,126.49
2 Current assets			
(a) Current investments	11	5.87	6.33
(b) Inventories	12	17,755.51	15,632.23
(c) Trade receivables	13	13,093.62	13,684.43
(d) Cash and cash equivalents	14	701.49	864.38
(e) Short-term loans and advances	15	2,153.73	2,689.35
(f) Other current assets	16	3,696.16	4,572.66
		37,406.38	37,449.38
Total		86,373.70	87,575.87

The notes referred to above, form an integral part of these financial statements.

Per Our Report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.0005135

K. Shravan

Partner
Membership No.215798

Place : Secunderabad
Date : 13th May, 2017

E.V.S.V. Sarma
Company Secretary

P.S. Subramanyam
President (Finance)

For and on behalf of the board

L. N. Agarwal
Chairman & Managing Director

Paritosh K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director

Statement of Profit and Loss for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Note No.	Current Year 31st March, 2017	Previous Year 31st March, 2016
I. Revenue from operations	17	76,191.59	75,979.80
II. Other income	18	1,336.94	1,335.04
III. Total Revenue (I + II)		77,528.53	77,314.84
IV. Expenses:			
Cost of materials consumed	19	42,524.27	40,308.80
Purchases of Stock-in-Trade		-	1,144.31
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	-2,473.98	-2,569.06
Employee benefits expense	21	7,170.53	6,715.17
Finance costs	22	3,503.29	3,431.37
Depreciation and amortisation expense	23	3,156.68	3,132.07
Other expenses	24	20,617.89	20,663.63
Total expenses		74,498.68	72,826.29
V. Profit before exceptional items and Tax		3,029.85	4,488.55
VI. Exceptional Items (Add / Less)			
B) Arrears of Wages as per Workers' Agreement		-	(7.80)
C) Others		211.67	(36.60)
VII. Profit before Tax		3,241.52	4,444.15
VIII. Tax expense :			
(1) Current tax		718.00	949.00
(2) Deferred tax		336.82	490.00
Sub-Total-Tax expense :		1,054.82	1,439.00
IX. Profit for the period, after tax		2,186.70	3,005.15
X. Earnings per equity share:			
(1) Basic		13.12	17.59
(2) Diluted		13.12	17.59

The notes referred to above, form an integral part of these financial statements.

Per Our Report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan

Partner
Membership No.215798

Place : Secunderabad
Date : 13th May, 2017

E.V.S.V. Sarma
Company Secretary

P.S. Subramanyam
President (Finance)

For and on behalf of the board

L. N. Agarwal
Chairman & Managing Director

Paritosh K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director

Cash Flow Statement

for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2017	Previous Year 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET : PROFIT / (LOSS) BEFORE TAX	3241.52	4444.15
Adjustment for		
Add: Depreciation & Amortisation expense	3156.68	3132.07
Finance costs	3503.29	3431.37
Debit balance written off	0.33	2.76
Loss on sale of assets	2.30	4.99
Diminution / (Increase) in Value of Current investments	0.46	3.43
	9,904.58	11,018.77
Less: Interest Income	77.14	77.76
Profit on sale of assets	0.71	2.88
	77.85	80.64
Operating profit before working capital changes	9,826.73	10,938.13
Adjustment for changes in :		
Decrease / (Increase) in Inventories	(2123.29)	(1841.44)
(Increase) in Trade Receivables	(1014.02)	(1744.53)
(Increase)/Decrease in Long Term Loans and advances	(43.02)	(104.97)
(Increase)/Decrease in Short Term Loans and advances	535.62	472.20
(Increase)/Decrease in Other Current Assets	885.10	(1806.65)
Increase/(Decrease) in Trade & other payables	2297.01	1507.47
Cash generated from Operations	10364.13	7420.21
Income tax (Net)	(1,070.22)	(559.12)
Net cash generated from operating activities (A)	9,293.91	6,861.09
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow :		
Sale of fixed assets	8.03	13.96
Interest received	68.55	71.95
Outflow :		
Acquisition of fixed assets	(3273.41)	(10828.44)
Acquisition of fixed assets & Trial run Expenditure incurred	129.46	(153.98)
Net cash used in Investing activities (B)	(3,067.37)	(10,896.51)

Cash Flow Statement

for the year ended 31st March 2017

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2017	Previous Year 31st March, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inflow :		
Proceeds from Term Loans	462.59	8422.85
(Decrease)/Increase in bank borrowings	1053.78	3839.95
Proceeds from Hire purchase loan	13.06	105.86
Proceeds from other unsecured borrowings	1363.90	1895.80
Repayment of Term Loan	(4507.24)	(5640.40)
Repayment of Hire Purchase loan	(27.19)	(15.99)
Repayment of other unsecured borrowings	(764.33)	(1080.52)
Finance costs paid	(3553.31)	(3317.75)
Dividend paid	(357.39)	(241.33)
Dividend Distribution Tax paid	(73.30)	(49.07)
Net cash generated in Financing Activities (C)	(6,389.43)	3,919.40
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(162.89)	(116.02)
Cash/Cash Equivalents at the Beginning of the year	864.38	980.40
Cash/Cash Equivalents at the end of the period	701.49	864.38

The notes referred to above, form an integral part of these financial statements.

Per Our Report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan

Partner
Membership No.215798

Place : Secunderabad
Date : 13th May, 2017

E.V.S.V. Sarma

Company Secretary

P.S. Subramanyam

President (Finance)

For and on behalf of the board

L. N. Agarwal

Chairman & Managing Director

Paritosh K. Agarwal

Managing Director

Navrang Lal Tibrewal

Director

Notes forming part of the Financial Statement

As at 31st March 2017

Note 1 Share Capital :

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹10 each	30,000,000	3,000.00	30,000,000	3,000.00
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	672,000	672.00
	30,872,000	3,872.00	30,872,000	3,872.00
Issued				
Equity Shares of ₹10 each	23,201,556	2,320.16	23,201,556	2,320.16
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	500,000	500.00	500,000	500.00
	23,901,556	3,020.16	23,901,556	3,020.16
Subscribed & Paid up				
Equity Shares of ₹10 each	16,672,290	1,667.23	16,672,290	1,667.23
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	500,000	500.00	500,000	500.00
	17,372,290	2,367.23	17,372,290	2,367.23
Forfeited Shares :		177.30	0	177.30
Total	17,372,290	2,544.53	17,372,290	2,544.53

(a) Rights attached to equity Shares:

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

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

- (b) During the financial year 2014-15, the Authorised Capital of the Company was reclassified consisting of 3,00,00,000 Equity Shares of ₹10/- each, 672,000 - 10% Cumulative Redeemable Preference Shares of ₹100 each and 200,000 - 5% Non Cumulative Preference Shares of ₹100 each, as approved by the members in the Annual General Meeting held on 4th August, 2014.
- (c) During the financial year 2014-15, the Company issued 21,50,000 fully paid up Equity shares of ₹10/- each at a Share premium of ₹65/- per Equity Share.
- (d) During the financial year 2014-15, the Company has issued 500,000 - 10% Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, to part finance Company's Spinning Project at Amravathi, near Nagpur, Maharashtra. The same will be redeemed on 18th August, 2026.
- (e) 80,32,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.
- (f) During the financial year 2013-14, the Company has issued 200,000 - 5% Non Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, as per the Scheme of Amalgamation, to the preference shareholders of erstwhile Suryakiran International Ltd. The same will be redeemed on 21st December, 2021.

Notes forming part of the Financial Statement

As at 31st March 2017

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

Particulars	(Figures in ₹ Lakhs)					
	Equity Shares		5% Non-Cum. Redeemable Preference Shares		10% Non-Cum. Redeemable Preference Shares	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Shares outstanding at the beginning of the year	16,672,290	16,672,290	200,000	200,000	500,000	500,000
Shares outstanding at the end of the year	16,672,290	16,672,290	200,000	200,000	500,000	500,000

(h) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule III to the Companies Act, 2013 (Shareholding more than 5%)

Name of Shareholder	(Figures in ₹ Lakhs)			
	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% Of Holding	No. of Shares held	% Of Holding
a) Equity Shares :				
Late Smt. Satyabhama Bai	3,023,032	18.13	3,023,032	18.13
Sri Shailesh Mulchand Savla	869,275	5.21	1,500,000	9.00
Sri Paritosh Agarwal	1,478,472	8.87	1,478,472	8.87
Sri L N Agarwal	1,364,516	8.18	1,364,516	8.18
Master Vedanth Agarwal	1,065,356	6.39	1,065,356	6.39
Smt. Padmini Agarwal	971,815	5.83	971,815	5.83
b) 5% Non-Cum. Preference Shares :				
SVP Distributors Private Limited	200,000	100.00	200,000	100.00
c) 10% Cum. Preference Shares :				
SVP Distributors Private Limited	500,000	100.00	500,000	100.00

Note 2 Reserves & Surplus :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
a. Capital Redemption Reserve		
At the commencement of the year	2.09	2.09
Closing Balance	2.09	2.09
b. Securities Premium Account		
At the commencement of the year	8,252.01	8,252.01
Closing Balance	8,252.01	8,252.01
c. Revaluation Reserve		
Opening Balance	6,517.30	7,685.17
(-) Written Back in Current Year	1,179.84	1,167.87
Closing Balance	5,337.46	6,517.30

Notes forming part of the Financial Statement

As at 31st March 2017

Note 2 Reserves & Surplus :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
d. Investment Allowance Reserve (Utilised)		
At the commencement of the year	109.41	109.41
Closing Balance	109.41	109.41
e. Export Allowance Reserve		
At the commencement of the year	2.67	2.67
Closing Balance	2.67	2.67
f. Preference Capital Redemption Reserve		
At the commencement of the year	671.60	671.60
Closing Balance	671.60	671.60
g. Special capital incentive		
At the commencement of the year	30.00	30.00
Closing Balance	30.00	30.00
h. General Reserve		
At the commencement of the year	3,960.81	3,610.81
(+) Current Year Transfer	200.00	350.00
Closing Balance	4,160.81	3,960.81
i. Amalgamation / Capital Reserve #		
At the commencement of the year	214.35	214.35
Closing Balance	214.35	214.35
j. Surplus		
At the commencement of the year	11,277.37	9,055.62
(+) For the current year	2,186.70	3,005.15
(-) Proposed Dividend on Equity Shares	-	300.10
(-) Proposed Dividend on 5% Non-Cum. Preference Shares	-	10.00
(-) Proposed Dividend on 10% Cum. Pref. Shares	-	50.00
(-) Corporate Dividend Tax	-	73.30
(-) Transfer to General Reserve	200.00	350.00
Closing Balance	13,264.07	11,277.37
Total	32,044.47	31,037.61

Note 3 Long Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Secured		
a. (I) Term loans from Banks (Under TUFs)		
(a) Andhra Bank	132.69	345.41
(b) State Bank of Hyderabad - TUFs	53.02	353.02
(c) Andhra Bank (40 Crores)	2,664.00	3,332.00
(d) IDBI Bank Ltd. - TUF Scheme-II (40 Crores)	2,800.00	3,600.00
(e) Exim Bank	1,050.00	1,350.00
(f) Lakshmi Vilas Bank	325.04	-

Notes forming part of the Financial Statement

As at 31st March 2017

Note 3 Long Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Term Loan from Banks (Non TUFs)		
(g) IDBI Bank Ltd. - 1 (10.20+3.00 Crores)	-	12.38
(h) IDBI Bank Ltd. - 2 (Rupee Tied)	-	96.24
(i) IDBI Bank Ltd. - 3 (FCL converted)	-	9.20
(j) State Bank of Travancore	1,856.05	2,320.03
(k) Lakshmi Vilas Bank	-	699.37
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	-	1,612.20
	8,880.80	13,729.85

Note :

- The Loans referred at (a) to (b) and (g) to (j) above are secured by mortgage of (present & future) movable and immovable properties of the Company on first charge pari passu basis & second pari passu charge on the current assets of the Company with existing term lenders and guaranteed by two Directors of the Company in their personal capacities.
- The Loans referred at (c) to (f) and (ii)(a) above are secured by mortgage of (present & future) movable and immovable properties of the Company on first charge pari passu basis & second pari passu charge on the current assets of the Company with existing term lenders and guaranteed by three Directors of the Company in their personal capacities.
- The Loan referred at (k) above is secured by pari-passu first charge by way of hypothecation of entire current assets (existing & future) of the Company along with existing Working Capital credit lenders & guaranteed by three Directors of the Company in their personal capacities.

Terms of Repayment :

Particulars	(Figures in ₹ Lakhs)		
	Sanction Date	Rate of Interest	Quarterly Instalments
(i) a. IDBI-1	04.12.1997	12.15%	3
b. IDBI-2	28.09.1995	9.50%	3
c. IDBI-3	28.09.1995	14.25%	3
d. Andhra Bank - TUF Scheme	04.09.2010	13.20%	7
e. SBT	22.06.2011	12.00%	16
f. SBH under TUF Scheme	13.07.2011	13.00%	4
g. Andhra Bank - 40 Crs	19.11.2014	12.45%	20
h. IDBI - Amravati (40 Crs)	19.12.2014	12.25%	18
i. Exim Bank - 15 Crs	16.12.2014	11.75%	18
j. Lakshmi Vilas Bank (15 Crs)	01.08.2014	12.25%	4
k. Lakshmi Vilas Bank	04.07.2016	12.00%	20
(ii) a. IDBI Bank (ECB)	12.07.2011	6 MONTH LIBOR +300 BASIC POINTS	4

Notes forming part of the Financial Statement

As at 31st March 2017

Note 3 Long Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
b. Other loans and advances		
Vehicle Hire Purchase Loan	47.04	68.59
from ICICI Bank, Axis Bank, Kotak Mahindra Prime Ltd & BMW India Fin. Services		
Hire Purchase Loan above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company		
Terms of Repayment : Monthly instalments	47.04	68.59
c. Unsecured		
Other Long Term Borrowings		
(i) Loans and advances from related parties		
Unsecured Loan from Directors	2,679.25	2,316.00
Inter-corporate Deposits	859.97	615.80
	3,539.22	2,931.80
d. Deferred Sales Tax Liability	85.78	93.63
Total (a+b+c+d)	12,552.84	16,823.87

The Salestax deferment liability amounting to ₹85.78 Lakhs shown under unsecured loans above, is due for repayment as under:

YEAR	(Figures in ₹ Lakhs)	
	Amount ₹ Lakhs	Repayment Year
2004-2005	3.27	01.04.2018
2006-2007	5.14	01.04.2020
2007-2008	0.41	01.04.2021
2008-2009	19.56	01.04.2022
2009-2010	57.40	01.04.2023
Total	85.78	-

Note 4 Long Term Provisions :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
Gratuity (unfunded)	429.99	356.75
Leave Encashment (unfunded)	123.00	108.31
Total	552.99	465.06

Notes forming part of the Financial Statement

As at 31st March 2017

Note 5 Short Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Secured		
(a) Loans repayable on demand from banks		
(I) State Bank of India		
Cash Credit	8,665.25	7,188.05
Packing Credit	177.63	624.80
SLC	1,396.04	1,499.67
(II) State Bank of Hyderabad		
Cash Credit	819.26	680.01
SLC	299.10	299.95
WCDL	-	750.00
(III) State Bank of Mysore		
Cash Credit	1,101.28	1,419.50
(IV) State bank of Travancore		
Cash Credit	500.15	347.04
(V) Andhra Bank		
Cash Credit	946.99	746.46
(VI) Lakshmi Vilas Bank Ltd		
Cash Credit	605.12	-
(VII) IDBI Bank Ltd.		
Cash Credit	903.03	882.40
STL	450.00	850.00
	15,863.85	15,287.88
All Working Capital loans are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company on pari-passu basis and further guaranteed by three Directors of the Company in their personal capacities.		
(b) Other loans and advances		
Vehicle Hire Purchase Loan	30.56	23.13
from ICICI Bank, Axis Bank, Kotak Mahindra Prime Ltd & BMW India Fin. Services		
(c) Commodity funding		
Axis Bank	477.81	-
Secured by pledge of stock of raw material, in the warehouse and further guaranteed by three Directors of the Company in their personal capacities		
	508.37	23.13
Unsecured		
(a) Loans and advances		
Inter Corporate Deposits	500.00	500.00
	500.00	500.00
Total	16,872.22	15,811.01

Notes forming part of the Financial Statement

As at 31st March 2017

Note 6 Other Current Liabilities :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(A) Current maturities of long-term debt		
(i) Term loans from Banks (Under TUFs)		
(a) Andhra Bank	212.71	212.71
(b) State Bank of Hyderabad - TUFs	300.00	300.00
(c) Andhra Bank 40 Crs	668.00	668.00
(d) IDBI Bank Ltd 40 Crs	800.00	400.00
(e) Exim Bank 15 Crs	300.00	150.00
(f) Lakshmi Vilas Bank	137.55	-
Term Loan from Banks (Non TUFs)		
(g) IDBI Bank Ltd. - 1	12.38	16.50
(h) IDBI Bank Ltd. - 2	96.24	128.32
(i) IDBI Bank Ltd. - 3	9.20	14.73
(j) State Bank of Travancore	464.00	444.00
(k) Lakshmi Vilas Bank	695.14	700.00
(ii) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	1,576.03	1,432.60
	5,271.26	4,466.86
(B) Interest accrued but not due on borrowings	149.47	199.49
(C) Unpaid dividends	18.84	16.15
(D) Creditors for Capital purchases	280.87	143.18
(E) Other payables	979.67	980.21
(F) Other payables - Statutory dues	187.07	176.95
(G) Advances received against sales	400.01	626.14
(H) Bills Discounted	1,852.43	1,604.48
(I) Sales tax deferment payable	7.85	20.52
	3,876.21	3,767.12
Total	9,147.47	8,233.98

Note 7 Short Term Provisions :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employee benefits		
Salary & Reimbursements	482.52	441.45
Contribution to PF & ESI	47.76	40.56
Gratuity (Funded)	57.04	54.53
Bonus Payable	211.45	189.35
(b) Others (Specify nature)		
Proposed Preference Shares dividend	-	60.00
Proposed Equity Shares dividend	-	300.10
Corporate Dividend Tax	-	73.30
Provision for Income Tax (Net)	139.13	491.36
Total	937.90	1,650.66

Notes forming part of the Financial Statement

As at 31st March 2017

Note 8 Fixed Assets :

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Opening Balance as at 1 April 2016		Additions		Disposals / Adjustments	Balance as at 31 March 2017		On disposals / Adjustments	Balance as at 31 March 2017	Balance as at 1 April 2016
	Assets Value	Revaluation Amount	Total			On Assets Value	Revaluations Adjustment			
a Tangible Assets										
Land (Freehold)	498.55	2,310.15	2,808.70	0.70	-	2,809.40	-	-	-	2,808.70
Land (Leasehold)	356.76	-	356.76	242.36	-	599.12	5.60	4.07	9.67	351.16
Buildings:										
Factory Buildings	8,957.57	2,897.32	11,854.89	128.69	-	11,983.58	2,201.08	1,002.55	3,203.63	8,651.26
Non-Factory Buildings	2,860.20	1,816.42	4,676.62	555.26	-	5,231.88	524.97	459.48	984.45	3,692.17
Township	699.95	250.58	950.53	12.65	-	963.18	76.77	237.28	314.05	636.48
Plant and Equipment:										
Workshop Equipment	8.02	-	8.02	-	-	8.02	7.16	0.01	7.17	0.85
Plant and Machinery	52,100.36	10,184.01	62,284.37	908.51	-	63,192.88	24,202.58	9,241.87	85.34	28,754.58
Testing Equipment	548.73	-	548.73	21.01	-	569.74	271.51	15.21	286.72	262.01
Electrical Installations	5,282.16	-	5,282.16	75.12	-	5,357.28	2,214.34	-	160.85	2,906.97
Weighing Machines	44.47	-	44.47	1.48	-	45.95	21.50	3.16	24.66	19.11
Water Works	474.79	-	474.79	46.1	-	479.40	120.80	-	75.20	278.79
Furniture and Fixtures	448.35	-	448.35	48.05	-	496.40	289.67	-	8.56	150.12
Vehicles	337.56	-	337.56	17.17	-	319.86	111.29	-	0.20	226.07
Data Processing Equipment	290.11	-	290.11	11.69	-	301.80	240.58	-	18.24	31.29
Power Lines *	556.56	-	556.56	-	-	556.56	194.79	-	194.79	361.77
Total	73,464.14	17,458.48	90,922.62	2,027.30	34.87	92,915.05	30,482.64	10,941.18	41,790.59	46,869.50
b Intangible Assets										
Computer software	149.79	-	149.79	7.08	-	156.87	111.65	-	111.65	38.14
Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-
Total	149.79	-	149.79	7.08	-	156.87	111.65	-	111.65	38.14
c Capital Work in Progress										
Total	285.61	-	285.61	3,272.73	2,054.38	1,523.96	-	-	-	285.61
Total (a+b+c)	73,899.54	17,458.48	91,358.02	5,307.11	2,069.25	94,595.88	30,594.29	10,941.18	41,902.24	48,422.85
Less: Internal Transfers	-	-	-	2,034.38	-	-	-	-	-	-
Total	73,899.54	17,458.48	91,358.02	3,272.73	34.87	94,595.88	30,594.29	10,941.18	41,902.24	48,422.85
Previous Year	63,121.76	17,458.48	80,580.24	10,828.44	50.66	91,358.02	27,542.70	9,773.51	37,682.78	42,897.46

*Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.

Note : Opening Balances of Gross Block and Accumulated depreciation are regrouped.

Notes forming part of the Financial Statement

As at 31st March 2017

Note 9 Long Term Loans and Advances :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
a. Deposits Recoverable	544.37	501.35
(Unsecured considered good)		
(Telephone, APSEB Electricity, Coal Deposit & other deposits)		
b. Security Deposit	0.10	0.10
(Secured, considered good)		
(NSC pledged as security for ₹10,000/- with Sales Tax Dept.)		
Total	544.47	501.45

Note 10 Other Non Current Asset:

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Product Development Expenditure	28.46	56.91
Less : Written Off during the year	28.46	28.45
Sub-Total	-	28.46
Preliminary Expenses of Amravati Spinning Project	11.34	14.18
Less : Written Off during the year	11.34	2.84
Sub-Total	-	11.34
Trial Run Expenditure of Amravati Spinning Project	129.46	143.85
Add : Expenditure Written Off during the Previous year, now Reversed	14.39	-
Less : Capitalised during the year	143.85	14.39
Sub-Total	-	129.46
Total	-	169.26

Note 11 Current Investments :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(At Cost - Traded - Quoted)		
Investment in Equity instruments		
37,777 Equity Shares (Previous Year 1,02,100) of ₹10/- each	105.19	105.19
in Suryavanshi Spinning Mills Ltd.		
26,546 Equity Shares (Previous Year Nil) of ₹10/- each		-
in Aananda Lakshmi Spinning Mills Ltd.		
37,777 Equity Shares (Previous Year Nil) of ₹10/- each		-
in Sheshadri Industries Ltd.		

Notes forming part of the Financial Statement

As at 31st March 2017

Note 11 Current Investments :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(102100 Equity Shares of Suryavanshi Spinning Mills Ltd., were converted into 3 Companies Equity Shares, as above, as per Scheme of Demerger of Suryavanshi Spinning Mills Ltd and accordingly New Equity Shares of above 3 Companies were allotted)		
Sub Total :	105.19	105.19
Less : Provision for diminution in the value of Investments	99.32	98.86
Sub Total :	5.87	6.33
Total	5.87	6.33

(Aggregate market value of Quoted investments - ₹5.87 Lakhs (Previous Year ₹6.33 Lakhs))

Note 12 Inventories :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(Valued and certified by the Management)		
(Value at lower of cost and net realisable value, unless otherwise stated)		
a. Raw Materials	3283.57	3,132.26
b. Stores and spares	2,344.18	2,846.19
c. Finished goods	4783.90	4,586.24
d. Work-in-progress	7,327.06	5,034.91
e. Others - Cotton & PV Waste (at realisable value)	16.80	32.63
Total	17,755.51	15,632.23
Details of Raw Materials :		
Cotton	2,223.83	2,306.14
Yarn	641.58	433.54
Polyster Staple Fibre	190.43	217.47
Viscose Staple Fibre	124.62	174.06
Fabric	103.11	1.05
Total	3,283.57	3,132.26
Details of Stores & Spares :		
Dyes & Chemicals	830.15	1,028.15
Coal	289.11	829.53
Other Stores & Spares	1,224.92	988.51
Total	2,344.18	2,846.19

Note 13 Trade Receivables :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
Receivables for a period exceeding six months		
Unsecured, considered good	816.78	460.02
	816.78	460.02
Receivables for a period less than six months		
Unsecured, considered good	12,276.84	13,224.41
	12,276.84	13,224.41
Total	13,093.62	13,684.43

Notes forming part of the Financial Statement

As at 31st March 2017

Note 14 Cash and Cash equivalents :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
a. Balances with Banks		
With Scheduled Banks	216.12	457.54
b. Cash on hand	3.25	12.96
c. Balance with Banks against Dividends payments	18.84	16.15
d. Balance with Banks against Margin Money on LCs / Bank Guarantees	463.27	377.72
e. Post office Savings Bank	0.01	0.01
Total :	701.49	864.38

Note 15 Short-term loans and advances :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
(Unsecured considered good)		
a. Advances for Capital purchases	172.16	106.17
b. Advances for purchases of Raw Material & Stores	419.66	1,014.34
c. Advances to Staff (incl. advances to officers)*	49.98	56.91
d. Other Advances	1,511.93	1,511.93
	2,153.73	2,689.35
Disclosure pursuant to Note no.R (iv) of Part I of Schedule III		
Due from other officers of the Company	34.12	36.63
	34.12	36.63

* Refer note below

Note 16 Other Current Assets :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
TED Refund receivable	99.67	181.87
Interest subsidy receivable	1,051.45	872.99
Deposits recoverable	3.04	3.04
Claims/Other Receivable	1,472.23	2,703.13
Export Benefit Entitlement Receivable	568.11	407.77
Pre-paid expenses	260.92	170.59
CVD Refund Receivable :		
At ICD Nagpur	134.34	134.34
At JNPT, Mumbai	10.95	10.95
Excise Duty Refund Receivable	3.44	3.44
Balance With Central Excise Department	0.03	1.15
Accrued interest	91.98	83.39
	3,696.16	4,572.66

Notes forming part of the Financial Statement

As at 31st March 2017

Note 17 Sale of products :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Yarn	30,618.76	27,770.00
Fabric	38,196.04	40,284.35
Power	4,281.16	4,800.29
Garment	6,787.50	6,856.07
Waste	864.70	493.72
Total Sales :	80,748.16	80,204.43
Less:		
Excise duty	294.58	29.79
Inter Division sale - Power	4,261.99	4,194.84
Total	76,191.59	75,979.80

Note 18 Other Income :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Interest Income	77.13	77.77
Export Benefit entitlement	1,182.11	940.60
Excess provisions written back	1.77	159.73
Packing & Forwarding collection charges	7.37	9.02
Scrap Sales	33.67	63.46
Profit on sale of Assets	0.71	2.88
Credit Balance Written Back	0.22	0.30
Rent Received	0.46	3.70
Miscellaneous Receipts	33.50	77.58
Total	1,336.94	1,335.04

Note 19 Cost of materials consumed :

Particulars	(Figures in ₹ Lakhs)			
		Current Year 31st March, 2017		Previous Year 31st March, 2016
Opening Stock		3,132.26		3,214.94
Add : Purchases		42,684.78		40,244.42
		45,817.04		43,459.36
Less : Value of Raw materials sold		9.20		18.30
Less : Closing Stock		3,283.57		3,132.26
Total Cost of materials consumed :		42,524.27		40,308.80
Imported and Indigeneous Raw Materials consumed:				
Indigeneous	95.38%	40,560.74	99.98%	40,299.65
Imported	4.62%	1,963.53	0.02%	9.15
Total :	100.00%	42,524.27	100.00%	40,308.80
Details of Raw Material Consumed :				
Cotton		24,965.08		17,204.10
Yarn		2,545.31		6,257.26
Polyster Staple Fibre		12,217.06		14,172.61
Viscose Staple Fibre		2,734.48		2,362.03
Fabric		62.34		312.80
Total :		42,524.27		40,308.80

Notes forming part of the Financial Statement

As at 31st March 2017

Note 20 Changes in inventories of Finished Goods, work-in-progress and stock-in-trade

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
(Increase)/Decrease In Stocks		
Opening Stocks:		
Yarn	1,408.69	934.06
Fabric	2,983.74	2,059.58
Work-in-process	5,034.91	3,693.95
Cotton Waste	32.63	5.42
Garments	193.81	191.95
	9,653.78	6,884.96
Stocks Transferred from Trial Run:		
Yarn	-	81.41
Work-in-process	-	107.95
Cotton Waste	-	10.40
		199.76
	-	7,084.72
Closing Stocks:		
Yarn	1,348.14	1,408.69
Fabric	3,095.30	2,983.74
Work-in-process	7,327.06	5,034.91
Cotton Waste	16.80	32.63
Garments	340.46	193.81
	12,127.76	9,653.78
(INCREASE)/DECREASE IN STOCKS	-2,473.98	-2,569.06

Note 21 Employee Benefits Expense :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
(a) Salaries and incentives	6,337.63	5,959.20
(b) Contributions to Provident Fund	438.36	389.78
(c) Gratuity fund contributions	85.75	28.05
(d) Contributions to Employee State Insurance	104.52	63.66
(e) Staff welfare expenses	204.27	274.48
Total	7,170.53	6,715.17

Note 22 Finance Cost :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Interest expense	3,134.08	3,217.71
Other borrowing costs	372.39	288.67
Net loss on foreign currency transactions & translation	-3.18	-75.01
Total	3,503.29	3,431.37

Notes forming part of the Financial Statement

As at 31st March 2017

Note 23 Depreciation and Amortisation expense :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Depreciation	3,116.89	3,086.40
Amortisation expense	39.79	45.67
Total	3,156.68	3,132.07

Note 24 Other Expenses :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Stores & spare parts consumption :		
Consumable Stores	1,691.21	1,697.92
Dyes and Chemicals	5,475.36	5,631.10
Packing Material Consumed	931.38	8,097.95
Power & Fuel :		
Electricity Charges	2,461.21	2,714.78
Fuel Consumed	4,101.59	6,562.80
Rent	31.80	28.13
Security Charges	40.93	34.89
Rates & Taxes	716.01	681.62
Printing & Stationery	39.40	40.31
Postage, Telegrams & Telephones	55.07	58.19
Travelling & Conveyance	208.01	184.84
Directors' Sitting fees & Travelling expenses	10.48	9.34
Advertisements	11.90	10.81
Expenses on Sales	1,409.37	1,449.21
Commission on Sales	440.06	392.47
Insurance	122.22	98.51
Legal & Professional Charges	119.16	120.84
Payments to auditors :	-	
As auditor :	4.66	4.07
for taxation matters	0.76	0.74
for Certification	2.66	1.27
Repairs to : Buildings	60.01	27.42
Machinery	1,053.11	994.50
Other Assets	86.90	63.39
Vehicle Maintenance	57.46	58.36
Miscellaneous Expenses	922.22	725.32
Expenses on Corporate Social Responsibility	19.58	41.26
Donations	4.45	5.55
Loss on sale of assets	2.30	4.98
Bad debts and Debit Balances written off	0.33	2.76
Diminution in the Value of Investments	0.46	3.43
Other Manufacturing expenses	240.24	282.11
Managerial remuneration	297.59	249.32
Total	20,617.89	20,663.63

Notes forming part of the Financial Statement

As at 31st March 2017

Note 24 Other Expenses :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Imported and Indigeneous Stores & spare parts consumption :		
Indigeneous	68.72% 5,565.12	66.44% 5,397.59
Imported	31.28% 2,532.83	33.56% 2,726.85
Total	100.00% 8,097.95	100.00% 8,124.44

Note 25

Notes forming part of Balance Sheet as at 31st March, 2017 and Statement of Profit and Loss for the year ended on that date.

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2017	As at 31st March, 2016
1 Contingent Liabilities not provided for		
a) Contracts to be executed on capital accounts.	182.84	751.53
b) Against Foreign & Inland Letters of Credit	940.83	1885.35
c) Against Bank Gaurantees	1576.84	1505.00
d) Demand against Reversal of Excise duty on Finished goods and Cenvat Credit involved in the stock of inputs while opting for the Central Excise Notification No.30/2004. Company's appeal was allowed by Appellate Commissioner of Customs & Central Excise, Nagpur. The Central Excise Department has filed an appeal against the above Order with CESTAT, Which is dismissed.	-	32.89
e) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and set off.The company has filed appeal before STAT(A.P),Hyderabad against the revised demand issued by the DC(CT), Begumpet Division, Hyderabad.	28.82	28.82
f) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad.	61.49	61.49
g) Disputed demand from DCIT, Range : 3(2), Hyderabad towards disallowance of Credit of Surcharge and Education Cess as Minimum Alternate Tax credit for the Assessment Year 2012-13. The Commissioner of Income Tax (Appeals-IV), Hyderabad, has admitted Company's Appeal.	-	40.87
h) During the financial year, Company purchased power from Power exchange at its Spinning division at Amanagallu, Mahboobnagar District, Telangana. TSERC imposed Cross subsidy to be paid on power drawn from power exchange at the rate of ₹1.29 per unit. Company took stay from Hon'ble High Court of Telangana to limit cross subsidy to ₹0.30 per unit. The Company has been advised that the liability on account of differential cross subsidy of ₹0.99 per unit on power drawn from power exchange may not arise.	235.04	166.08

Notes forming part of the Financial Statement

As at 31st March 2017

- 2 The legal proceedings against M/s. Rajvir Industries Ltd., for the recovery of the balance outstanding in the books of the company of ₹236.93 Lakhs (Previous year ₹236.93 Lakhs) are pending.
- 3 Three cases have been filed against the Company for amounts totaling to ₹1348 Lakhs in respect of three cheques allegedly issued by the company. These claims are being resisted on the plea that these cheques have been misused and in the absence of any legally enforceable debt or liability the company has been advised that the complaints are not maintainable and no liability is likely to arise.
- 4 Rajvir Industries Ltd., has filed an application before the Hon'ble High court of Andhra Pradesh for modification of the Order of the High Court in the scheme of arrangement for transfer of the liability of ₹1000 Lakhs to the company. The application has been dismissed with costs by the High Court and the applicant has preferred an appeal before the High Court which is pending.
- 5 An order has been received from the office of DGFT Hyderabad for alleged violation of Target plus scheme to recover ₹3807 Lakhs including interest and penalties. Apart from this a penalty of ₹25 Lakhs each on CMD and MD and ₹5 Lakhs on some other Directors of the company has been imposed. The High Court of Andhra Pradesh has granted an interim stay of the dismissal of the appeal by the Company. The Company in compliance with the orders of the High Court has paid ₹500 Lakhs to DGFT, Hyderabad. (The Company has already paid ₹500 Lakhs to DRI in the same matter). A show cause notice on the same issue was issued by DRI. The Company has been advised that no liability is likely to arise under the notice as the allegations are unfounded and the company is taking adequate steps to defend itself.
- 6 The Company carried out revaluation of its assets, i.e., Land, Buildings and Plant & Machinery in its Denim Division at Ramtek and Spinning Division at Amanagallu, by an approved valuer as of 31st March, 2014. Revaluation of Power Plant assets was not done, as it was relatively new Plant. The written up value of the assets on revaluation amounting to ₹174.58 Crores was added to the cost of the assets/Gross Block as on 31st March, 2014. The depreciation of ₹84.84 Crores upto the financial year 2013-14, ₹12.89 Crores for the financial year 2014-15, ₹11.68 Crores for the financial year 2015-16, and ₹11.80 Crores for the financial year 2016-17 totalling to ₹121.21 Crores on written up value of Gross Block has been added to depreciation, and the net value ₹53.37 Crores (Previous year ₹65.17 Crores), is considered as revaluation reserve and the same will be written off as per the depreciation method followed by the company.

7 Expenditure in Foreign Currency during the year on account of :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
i) Interest	104.71	138.25
ii) Principal repayment	1451.35	1331.12
iii) Commission on Export Sales	205.00	144.22
iv) Foreign Travel (Excluding tickets purchased in India)	24.35	26.33
v) Foreign Technical & Consultancy services	18.72	13.64
vi) Others	79.51	89.78
Total	1883.64	1743.34

8 Value of Imports calculated on CIF basis in respect of :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
i) Plant and Machinery - Imported (CIF Value)	451.15	2309.49
ii) Rawmaterials (CIF Value)	1,246.56	9.15
iii) Stores and Spares (CIF Value)	2,330.79	2282.25
Total	4028.50	4600.89

Notes forming part of the Financial Statement

As at 31st March 2017

9 Earnings in Foreign Exchange

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
FOB Value of Exports	14736.33	13603.02

10 Composition of Net Deferred Tax Liability

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Liabilities		
Depreciation	5003.19	5,364.24
Miscellaneous Expenditure	-	54.65
Total	5003.19	5418.89
Assets		
Provision for Employee benefits	275.72	238.59
Un-amortised Expenses on Merger & Preliminary Expenses	4.73	5.61
Total	280.45	244.20
Deferred Tax Liability (Net)	4722.74	5174.69
Less : MAT Credit entitlement (to be set off against future Income tax liability)	642.81	1431.58
Deferred Tax Liability (Net) after MAT Credit adjustment	4079.93	3743.11

11 Information About Business Segments

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
1 Segment Revenue		
Spinning	38657.80	31356.29
Denim	42282.04	44030.72
Power Plant	4281.93	4804.78
Garment	6492.92	6826.40
Total	91714.69	87018.19
Less : Inter Division Power sale	4261.99	4194.84
Less : Inter Division Sale - Yarn	8635.64	4104.60
Less : Inter Division Sale - Fabric	2625.47	2738.95
Net Sales	76191.59	75979.80
2 Segment Results		
Spinning	1483.96	1186.47
Denim	4443.24	5628.91
Power Plant	437.37	612.79
Garment	380.24	447.35
Total	6744.81	7875.52
3 Interest	3503.29	3431.37
4 Profit Before Tax	3241.52	4444.15

Notes forming part of the Financial Statement

As at 31st March 2017

11 Information About Business Segments

(Figures in ₹ Lakhs)		
Particulars	Current Year 31st March, 2017	Previous Year 31st March, 2016
5 Other Information		
Segment Assets		
Spinning	31014.61	32534.71
Denim	36523.69	34249.20
Power Project	12706.88	14205.34
Garment	6128.52	4812.87
Total	86373.70	85802.12
6 Segment Liabilities		
Spinning	4728.02	4879.33
Denim	6712.68	5278.24
Power Project	624.76	875.16
Garment	935.14	491.13
Total	13000.60	11523.86
7 Capital Expenditure		
Spinning	992.65	10613.53
Denim	971.64	475.48
Power Project	52.90	324.12
Garment	17.19	151.25
Total	2034.38	11564.39
8 Depreciation & Amortisation Expense		
Spinning	1167.05	998.18
Denim	1332.80	1398.62
Power Project	377.71	411.10
Garment	279.12	324.17
Total	3156.68	3132.07

12 Related Party Disclosure

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

(Figures in ₹ Lakhs)				
Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2017	Previous Year 31st March, 2016
a) Transactions during the year				
Shri L N Agarwal	Key Management	a) Remuneration	78.74	62.46
Chairman & Managing Director		b) Interest (Gross)	67.66	67.05
		c) Commission	38.00	31.20
Shri Paritosh K. Agarwal	Key Management	a) Remuneration	70.16	55.20
Managing Director		b) Interest (Gross)	75.68	65.65
		c) Commission	34.00	27.30
Shri L N Agarwal (HUF)	Key Management	Interest (Gross)	0.42	-
Shri H L Ralhan, Director	Key Management	Remuneration	31.61	41.71
Smt Sabita Jain	Daughter of Shri LN Agarwal	Rent	8.40	8.40
Late Satyabhama Bai	Wife of Shri L N Agarwal	Interest (Gross)	9.56	-

Notes forming part of the Financial Statement

As at 31st March 2017

12 Related Party Disclosure

(Figures in ₹ Lakhs)				
Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2017	Previous Year 31st March, 2016
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Remuneration	45.08	31.44
		b) Interest (Gross)	74.50	33.81
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	Interest (Gross)	0.70	-
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	Interest (Gross)	0.18	-
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) ICD Received / Paid	-	100.00
		b) Interest paid	-	0.32
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Interest	2.70	2.42
M/s Aananda Lakshmi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.70	2.42
		b) Purchase of R.M.	-	15.63
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	Interest	2.70	2.42
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	42.96	47.64
		b) Sale of fabric	622.87	439.24
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	Interest (Gross)	17.40	35.01
b) Payable as at 31-03-2017				
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration (Net)	4.50	2.20
		b) Interest (net)	5.05	32.05
		c) Unsecured Loan	734.00	678.00
		d) Commission (Net)	21.50	22.20
		e) Unsecured Loan (Interest Free)	-	123.00

Notes forming part of the Financial Statement

As at 31st March 2017

12 Related Party Disclosure

(Figures in ₹ Lakhs)				
Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2017	Previous Year 31st March, 2016
Shri Paritosh K. Agarwal Managing Director	Key Management	a) Remuneration (Net)	3.35	1.55
		b) Interest (net)	6.25	31.34
		c) Unsecured Loan	788.00	700.00
		d) Commission (Net)	21.50	17.30
		e) Unsecured Loan (Interest Free)	-	65.00
Shri H L Ralhan Director	Key Management	Remuneration (Net)	-	1.80
Smt. Sabita Jain	Daughter of Shri LN Agarwal	Rent	1.89	1.89
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (net)	5.94	21.04
		b) Unsecured Loan	864.00	750.00
		c) Remuneration	0.02	1.96
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	38.66	24.34
		b) Deposits	465.00	515.00
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	3.43	7.86
		b) Deposits	261.80	100.80
M/s.Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	FMS License	7.08	7.08
c) Receivable as at 31-03-2017				
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	16.67
		Interest	6.56	4.34
M/s Aananda Lakshmi Spinnint Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	16.67
		Interest	6.56	4.34
		Sale of RM	4.79	-
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	16.67
		Interest	6.56	4.34

Notes forming part of the Financial Statement

As at 31st March 2017

12 Related Party Disclosure

(Figures in ₹ Lakhs)				
Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2017	Previous Year 31st March, 2016
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	Sale of Fabric	434.07	222.46

13 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

(Figures in ₹ Lakhs)		
Particulars	Current Year 31st March, 2017	Previous Year 31st March, 2016
1 Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	504.82	506.27
Interest cost	40.39	40.50
Current Service Cost	47.95	46.49
Benefits Paid	(43.28)	(38.61)
Actuarial gain / (Loss) on obligations	(5.81)	(49.84)
Present value of obligations as at end of year	544.07	504.82
2 Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	93.54	98.65
Expected return on plan assets	2.61	7.40
Contributions	10.00	27.33
Benefits Paid	(43.28)	(38.61)
Premium Expenses	(5.82)	(1.25)
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	57.04	93.54
3 Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	93.54	98.65
Actual return on plan assets	2.61	7.40
Contributions	10.00	27.33
Benefits Paid	(43.28)	(38.61)
Premium Expenses	(5.82)	(1.25)
Fair value of plan assets at the end of year	57.04	93.54
Funded status	487.03	411.28
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
4 Assumptions		
Discount rate	8%	8%
Salary Escalation	10%	10%

Notes forming part of the Financial Statement

As at 31st March 2017

13 Employee Benefits : Gratuity

Employee Benefits : Actuarial valuation of Leave encashment

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 Leave encashment.

(Figures in ₹ Lakhs)		
Particulars	2016-17	2015-16
Profit & Loss Account		
Current Service cost	4.38	4.49
Interest Cost on benefit obligation	8.67	7.46
Expected return on plan assets	Nil	Nil
Net Actuarial (gain). Loss recognised in the year	42.21	64.84
Past service cost	Nil	Nil
Net Benefit expense	55.25	76.79
Actual return on Plan assets		
Balance Sheet		
Details of provision for Leave		
Change in the present value of the defined benefit obligation are as follows :		
Opening defined benefit obligation	108.31	93.26
Interest Cost	8.67	7.46
Current Service cost	4.38	4.49
Benefits Paid	(40.56)	(61.73)
Actuarial (gains) / losses on obligation	42.21	64.84
Closing defined benefit obligation	123.00	108.31
The principal assumptions used in determining leave and post employment medical benefit		
Obligations for the company's plans are shown below :		
Assumptions	%	%
Salary Rise	10	10
Discount rate	8	8

Notes forming part of the Financial Statement

As at 31st March 2017

14 Basic Earnings per share as per Accounting Standard 20

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2017	Previous Year 31st March, 2016
Profit after Tax	2186.70	3005.15
Less : Dividend on Preference Share Capital with dividend tax there on	-	72.21
Sub Total	2186.70	2932.94
Weighted average Number of Equity Shares	166.72	166.72
Diluted Number of Equity Shares	166.72	166.72
Basic Earnings per share	13.12	17.59
Diluted Earnings per share	13.12	17.59

15 Disclosure regarding pursuant to circular no. G.S.R.308(E) Dated March 30, 2017

Details of specified bank notes (SBN) held and trasacted during the period from November,08,2016 to December 30,2016 is provided in the table below :

Particulars	(Figures in ₹ Lakhs)		
	SBN's	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	7.80	8.19	15.99
(+) Withdrawal from bank accounts	-	15.30	15.30
(+) Permitted Receipts	-	21.98	21.98
(-) Permitted Payments	3.30	41.75	45.05
(-) Amount deposited in banks	4.50	-	4.50
Closing cash in hand as on 30.12.2016	-	3.72	3.72

16 In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

17 The Board of Directors have proposed dividend on 5% Non Cumulative Redeemable Preference shares & on 10% Cumulative redeemable Preference shares, both amounting to ₹60 Lakhs and the Dividend distribution tax on the same will be ₹12.21 Lakhs.

The Board of Directors have also recommended Equity Dividend of 10% on the face value of ₹10/- per Equity Share, i.e., ₹1/- per Equity Share, amounting to ₹166.72 Lakhs plus Dividend Distribution Tax of ₹33.94 Lakhs, totalling to ₹200.66 Lakhs.

18 Vide Notification No.30/09.07.2004 of the Central Excise Department we can opt for zero rate of duty by not taking Cenvat credit on Inputs and vide Tariff rate (Previous year under Notification No.29/09.07.2004) of Central Excise Department option can be exercised for payment of duty on

Final products by taking credit on inputs and capital items. Accordingly in case of Denim Fabric and Cotton yarn the Company has opted for Zero rate of duty and not availed Cenvat credit on the purchase of inputs and capital items. In case of Polyester yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyester yarn meant for export, and cleared the Finished Product for export on payment of duty, under refund of Central Excise cenvat vide rebate provision of Central Excise Act. In case of Readymade Garments, the Company has opted for Central Excise duty of 2% on 60% of Retail Sale Price (RSP) (without Cenvat Credit on inputs) which is made applicable on Branded readymade garments of RSP of ₹1000 & above with effect from 1st March, 2016

19 There was a major fire accident in spinning department of denim division at Ramtek, Nagapur district, Maharashtra state during January, 2008, in which the Building, Plant & Machinery, Electrical Installations and stocks were totally damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. The Company's

Notes forming part of the Financial Statement

As at 31st March 2017

Insurance claim is processed and settled partly. The Company received an amount of ₹2609 Lakhs from the Insurance Company including salvage. The part claim of ₹490 Lakhs which is still to be settled by the Insurance Company is shown under Claims receivable.

- 20** On 4th July, 2015, there was a major fire accident in Sizing Machine in Weaving department of denim division at Ramtek, Nagapur district, Maharashtra state, in which the one of the Sizing Machine & its accessories, etc., was damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. Due to this damage, there was production loss also. New sizing machine was purchased, installed and recommissioned on 23.02.2016. The Company has already filed its claim for reinstatement of assets damaged and also for loss of profit under FLOP Policy and the Insurance Company has settled the same.
- 21** During the Previous Financial year, the Company has successfully commissioned its state of art Spinning unit of 25344 spindles at Amravati District of Maharashtra on 25th September, 2015.
- 22** During the financial year 2014-15, the Company had revised the Useful life of its fixed assets to comply with the useful life as mentioned under Schedule II of the Companies Act, 2013.
- 23** Previous year's figures : Figures for the previous year have been regrouped wherever necessary to correspond with the current year's figures.
- 24** Except when otherwise stated, the figures are presented in Rupees Lakhs.

Note 26 Significant Accounting Policies:

1 Accounting Convention :

The financial statements are prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles.

2 Fixed Assets :

Fixed Assets are stated at cost net of depreciation provided in the statements. Cost of acquisition of Fixed Assets is inclusive of all direct and indirect expenditure up to the date of commercial use.

Depreciation is provided in accordance with the Useful Life prescribed under Schedule II of the Companies Act, 2013

3 Inventories :

Rawmaterial and Stores and Spares valued at cost on weighted average basis. Stock-in-process and Finished Goods are valued at lower of cost or net realisable value.

The Excise Duty payable on finished / Saleable goods is accounted for on clearance of goods from the factory premises, wherever applicable.

4 Investments :

Investments are stated at cost and diminution / increase in the value, which is permanent in nature, is provided for.

5 Contingent Liabilities and Provisions :

All Contingent liabilities are indicated by way of a note and will be paid / provided on crystallisation.

6 Retirement Benefits :

Provident Fund contribution is charged to the Profit and Loss Account as and when the contributions are due.

In respect of Gratuity, the Company has covered the gratuity liability by obtaining the group gratuity policy. The premium charged by Life Insurance Corporation of India is paid as stipulated and charged to Profit and Loss Account. The Company has also made required Gratuity & Leave encashment liability provision as per Actuarial valuation.

7 Foreign Exchange Transactions :

- Export Sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.
- Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realisation.
- Imports of material / capital equipment are accounted at the rates at which the actual payments are made.
- Assets and liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate Revenue/Capital account.

Notes forming part of the Financial Statement

As at 31st March 2017

8 Impairment of Assets :

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods, is reversed if there has been a change in the estimate of recoverable amount.

9 Leasehold Land :

Leasehold Land is treated as an asset for the period of its Lease as per the Lease Agreement entered, i.e., for 95 years and the amount of lease will be amortised as depreciation on straight line basis and charged to Profit & Loss account over the lease term.

10 Sales :

Sales represents the amount receivable for goods sold including excise duty and sales tax thereon. Incentives on export sales are recognised as income on accrual basis.

11 Provision for taxation :

Provision for taxation for the year is based on tax liability computed in accordance with relevant tax rates and tax laws as at the Balance Sheet date. Provision for deferred tax is made for all timing differences arising between taxable income and accounting income at rates that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets / MAT Credit are recognised only if there is a reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

The notes referred to above, form an integral part of these financial statements.

Per Our Report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan

Partner
Membership No.215798

Place : Secunderabad
Date : 13th May, 2017

E.V.S.V. Sarma
Company Secretary

P.S. Subramanyam
President (Finance)

For and on behalf of the board

L. N. Agarwal
Chairman & Managing Director

Paritosh K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director

Notes

Notes

DISCLAIMER

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





SURYALAKSHMI COTTON MILLS LIMITED

105, 6th Floor, Surya Towers, S.P. Road

Secunderabad - 500 003

(CIN: L17120TG1962PLC000923)