



Continuity amidst Challenges

Suryalakshmi
Cotton Mills Limited

Annual Report
2017-18

Annual Report Formats

This annual report is available in the following formats:



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ONLINE

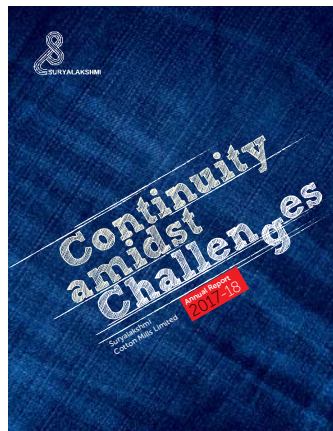
www.suryalakshmi.com



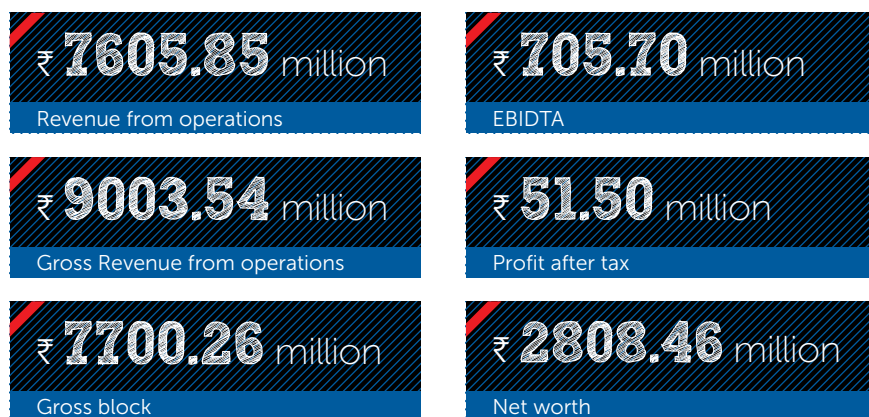
SMARTPHONES

About this report

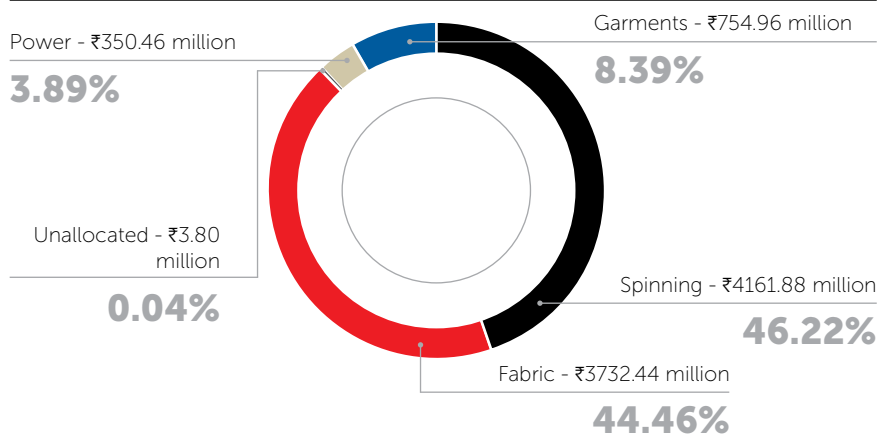
The cover design represents the resilience and passion of the company amidst tough macro-economic scenario. The denim texture and bold fonts resonate the bold attitude of the Company to stand and face the challenges.



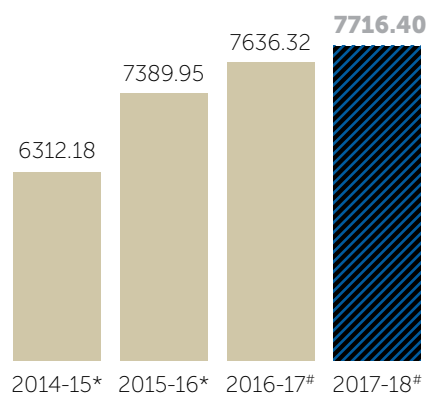
Highlights, 2017-18



Segment revenue (Gross)

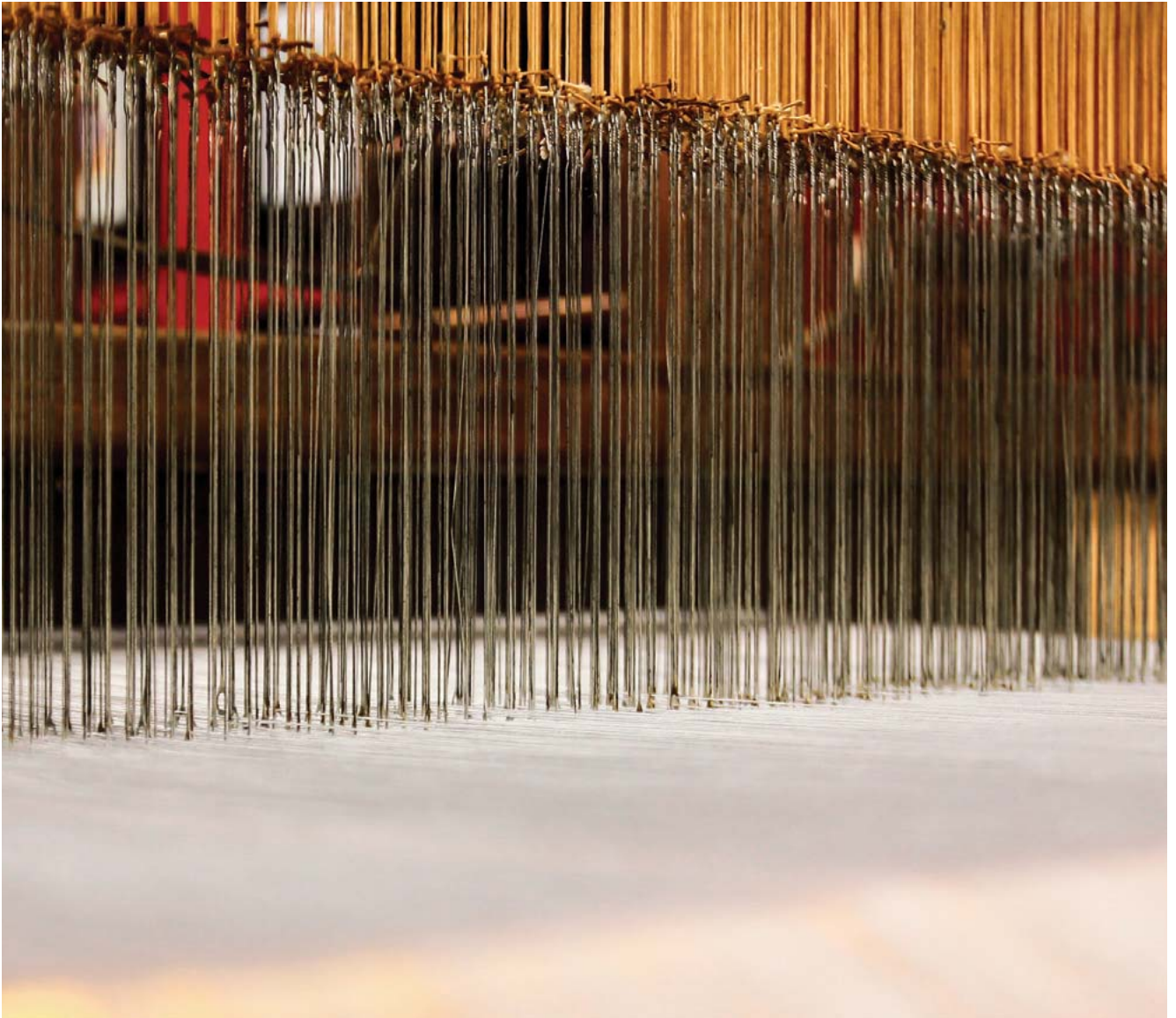


Gross block (₹ in million)

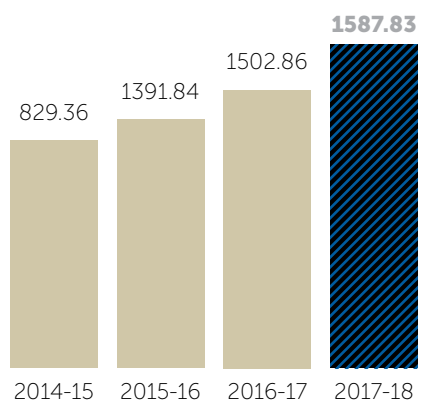


* Under previous GAAP, excluding Revaluation Reserve

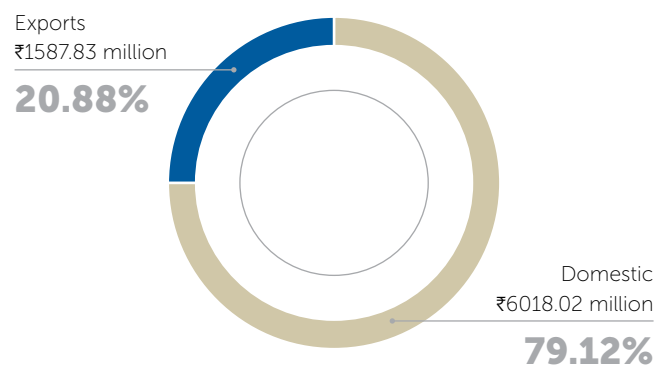
After Ind AS adjustments



Exports (₹ in million)



Geographic revenue mix





Continuity amidst Challenges

For some challenges bring a pause to their journey. For others, they bring a choice – to continue undeterred on the path. At Suryalakshmi, we choose to be the latter. One of the biggest impacts that

the textile industry faced in the recent times would be demonetisation, which brought many a textile companies to a halt. But we chose to focus on sustaining our profitability and performances instead,

and on building a business model that would make this a possibility. In other words, we chose a steady and strategic continuity in the face of challenges, and that has truly made all the difference!

Certification & Qualifications



Supplier Ethical Data Exchange (SEDEX)



Sedex Members Ethical Trade Audit (SMETA)



ISO 9001:2008 Certification



ISO 14001:2004 Certification



Business Social Compliance Initiative (BSCI)



OEKO-TEX® Standard 100 Certification

Vidarbha Udyog Gaurav Award Winners 2017 –
Best Exporter of the Region

Forward Looking Statement

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.



02-14

Strategic Overview

04 About us

06 Chairman's Message

08 Our Market Presence

10 Segment Snapshot

11 Our Valued Customers

12 Corporate Sustainability

14 Corporate Information

15-44

Statutory Reports

15 Directors' Report

20 Corporate Governance Report

39 Management
Discussion & Analysis

45-98

Financial Statements

46 Independent Auditors' Report

52 Balance Sheet

53 Statement of Profit and Loss

54 Cash Flow Statement

57 Notes forming part of the
Financial Statements

99 Notice

About Us

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



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.



Established in early 1960s, Suryalakshmi Cotton Mills Limited ("Suryalakshmi") was primarily a yarn manufacturing company. Gradually with business expansion, it evolved into fabrics and garments, thereby creating an integrated business model for value-creation. Our manufacturing plants in Telangana and Maharashtra help us serve our customers in India as well in 34 countries across the globe.

56 years

Of existence – among the oldest textile players in India

55.94 %

Promoter shareholding as on 31st March, 2018

1994

The year of listing on BSE

1996

The year of listing on NSE

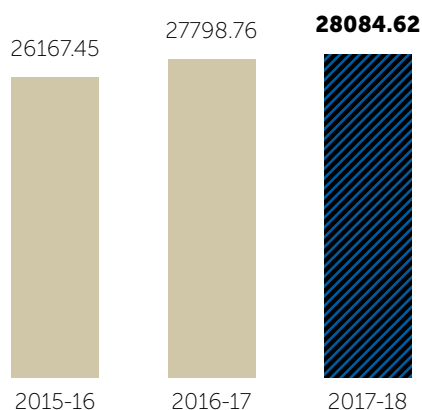
Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present in front of you the Annual Report 2017-18 of Suryalakshmi Cotton Mills Limited. During the year, as the Indian economy moved towards Goods and Service Tax (GST), short term impact of the new tax regime led to fall in growth rate from 7.1% in 2016-17 to 6.6% in 2017-18.

Net worth

(₹ in lakhs)



During the year, cotton prices were on a rise along with a fall in cotton production. This happened mainly due to pink ball worm attack affecting the quality of cotton harvest. The financial year under review was a challenging one for the textile industry of India.

Over the years, the Indian textile industry has experienced a growth in demand both on domestic and exports side. Indian textile industry contributes 4% to the country's GDP and stands as the third largest exporter to apparel industry of the world. During the year, growth of textile industry was disrupted by various setbacks such as demonetization and GST. The cash crunch that entered during November 2016, continues to affect the performance of labour intensive industries like textile. The country as a whole has started to recover from the negative impacts of demonetization, but cash based industries like textile will take time to experience a revival in its operations.

GST that was introduced during June 2017, has affected all industries across the country. Textile industry was one of the most hit amongst all the industries. The dealers which were not registered under VAT are yet to register themselves under GST. This has created a gap for input tax credit throughout the value chain. The government had introduced refund for exports under GST, which first appeared to be a way to boost exports, has turned out to be a challenge. Delay in refund from exports has posed a challenge on working capital. To overcome the effects of demonetization and GST, many companies started exporting. This led to a situation where there was price competitiveness coupled with a fall in margins.

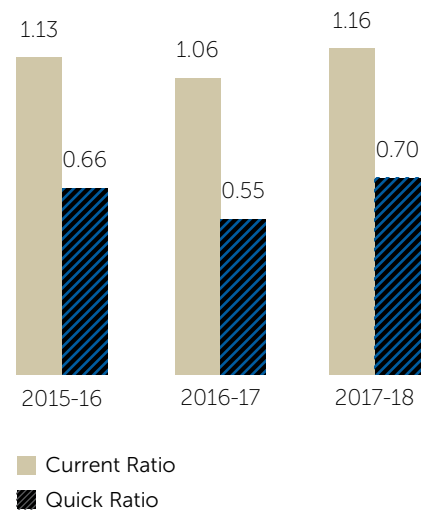
Our export to Bangladesh contributes 51% to our export revenue, which was affected by delay in approval of Letters of Credit from banks. This further affected our working capital and coupled with delay in refund of GST and other government subsidies like TUFs, industrial subsidies, etc., resulted in increase in our short term borrowings.

Over the years, we have experienced an increase in demand for textile and apparel industry of India. Despite this, we faced a sales drop in domestic region as there was an increase in textile imports from Bangladesh and Sri Lanka. In post-GST Scenario, imports from Bangladesh grew by around 56% during July-November 2017 as compared to same period last year, due to F.T.A.

Despite the various challenges faced by us, we experienced a sales volume growth of 19% in denim exports and recorded a strong revenue from operations of ₹76058.53 lakhs. We experienced a growth of 7.34% and 10% in the revenue of spinning business segment and garment segment respectively. During the year, the trade receivables rose by 35.44% resulting in an increase in current assets by 17.26%. A rise in our total expenses drove down our profit after tax to ₹515.05 lakhs.

Going ahead we expect the economy to stabilize in next financial year as the government will take steps to solve technical problems involved in refund for exports and GST filing. We expect that as stabilization will take time, the short term challenges will continue till first half of financial year 2018-19. We will continue to expand ourselves while delivering results. In the coming years, we will also introduce new high margin value-added products that will help us to increase our margins. With a vision to be a global leader, and deliver to some of

Liquidity Ratio



the leading brands in the world we will move towards increasing our exports.

We look forward to overcome the obstacles and continue on our growth path in the next financial year. With innovation and providing quality products to customers we will move ahead in our journey to be one of the global players in specialized denim and premium yarn segment. I would like to thank all our stakeholders for their support. I would like to thank our shareholders to put their trust on us, our employees for their dedication and hard work, and the board for their co-ordination and management. We look forward to a great year ahead with your continuous support.

L N Agarwal
Chairman

Our Market Presence



List of countries where we are present across the globe

Bangladesh	Iran	South Korea
Cambodia	Italy	Spain
Canada	Jordan	Sri Lanka
China	Lesotho	Tanzania
Colombia	Madagascar	UAE
Egypt	Malaysia	UK
Ethiopia	Mexico	Venezuela
Guatemala	Nicaragua	Vietnam
Hong Kong	Pakistan	Thailand
India	Peru	Mauritius
Indonesia	Portugal	Kenya



Segment Snapshot



86352
Spindles of Installed capacity

43.94 %
Share of total revenue in FY18

92 %
Capacity utilization in FY18

₹ 3342.31 million
Net revenue from operations in FY18



40 million
metres of installed capacity

46.16 %
Share of total revenue in FY18

87.3 %
Capacity utilization in FY18

₹ 3510.67 million
Net revenue from operations in FY18



7000
garments of installed capacity per day

9.90 %
Share of total revenue in FY18

92 %
Capacity utilization in FY18

₹ 752.87 million
Net revenue from operations in FY18





Our Valued Customers

Corporate Sustainability

Over the years, we have understood that our business have certain social and environmental impacts. We have taken up responsibilities towards the community in which we operate. We work across our operations from start to end with a motive to bring about a positive change. To promote responsible manufacturing we do our best to address social and environmental issues within the society.



Employee health and safety

We have always taken measures to ensure health and safety of our people. We focus towards continuously improving our health and safety measures. We aim to continue our zero accidents policy as we move ahead towards achieving growth. In order to ensure safety and security of workers at plants we have adopted a systematic approach. This includes to conduct

regular mock drills and mandatory safety gear that ensures workers are protected from all possible risks that might come up to disrupt their safety.

3700

Safety training hours in 2017-18



Environment

While moving towards providing the textile industry with best quality denim through our process and technology, our actions may harm the environment. Waste management, water stewardship, and climate responsibility is some of our biggest concerns when it comes to environment. We have developed technology that not only helps us to improve our quality but also helps to reduce the level of damage we might do to the environment. We have set up

a power plant for captive consumption and installed a solar power plant and made it sure that we maintain zero discharge of water in the production process.

Zero

Water discharge through our processes



Promoting Diversity

Over the years, we have developed an efficient team of 4000 employees and workers. We have always promoted diversity within our organization. With this, we have taken steps to improve our gender mix and have employees from diverse qualification backgrounds. Our team of competent and diverse employees has helped us to stay up to date with relevant information and innovate with changes in the industry.

40

Percentage of women employees in our workforce



Giving back to society

We have always believed in providing people around us with adequate opportunities to empower themselves. We work towards improving the quality of education for the society in which we operate, organizing health awareness programmes, promoting development of traditional arts, sponsoring some of the talented people in sports, preserving the natural resources, and making contributions towards animal welfare and plantation. In financial year 2017-18,

we continued with our activities to empower the lives of people by improving the infrastructure and utilities for the benefit of young students in schools, and promoting education in government schools.

3

Number of schools renovated in 2017-18

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
Whole time 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.K.S.Rao & Co., Hyderabad

Bankers

State Bank of India
Industrial Finance Branch, Hyderabad

IDBI Bank Limited
Saidapet, Chennai.

Andhra Bank,
Somajiguda, Hyderabad.

The Lakshmi Vilas Bank Limited
Bank Street, Koti, Hyderabad.

EXIM Bank,
Rajbhavan Road, Hyderabad.

Axis Bank Limited
Begumpet Hyderabad.

The South Indian Bank Limited,
Corporate Branch, Hyderabad.

Factories

Yarn Divisions

Amanagallu Ranga Reddy Dist.
Telangana - 509 321

Amravati, 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

CIN: L17120TG1962PLC000923

Directors' Report

To

The Members

Your Directors are pleased to present their Fifty Fifth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2018.

Financial Results

Particulars	(in ₹ Lakhs)			
	2017- 2018		2016- 2017	
Gross Profit before Interest & Depreciation		6841.13		9732.17
Less : Interest	3897.72		3755.47	
: Depreciation & Amortisation expense	2887.73	6785.45	3103.18	6858.65
Profit/(Loss) before prior year Adjustment		55.68		2873.52
Exceptional Items *		215.84		195.69
Profit before tax for the year		271.52		3069.21
LESS : Provision for Income Tax for the year		63.44		720.72
LESS : Deferred tax liability		(306.97)		397.61
Profit / (Loss) after tax		515.05		1950.88
ADD : Profit brought forward from last year/ Retained earnings		12390.03		11000.35
		12905.08		12951.23
Dividend on Equity Share Capital		166.72		300.10
Corporate Dividend Tax		33.94		61.10
Transferred to General Reserve		100.00		200.00
Profit transferred to Balance Sheet		12604.42		12390.03

- Exceptional item of the current year includes GST transition input credit availed on Finished Goods and work in process of ₹153.39 lakhs, Profit on sale of assets of ₹38.33 lakhs and Excess Provision Written back of ₹24.12 lakhs (Previous year Net loss on sale of assets ₹1.59 lacs and Insurance claim for loss of Profit received ₹197.28 lacs).

Operations

During the year under review, we recorded a strong revenue from operation of ₹764 Crores, despite various challenges faced by us. We experienced a growth of 7.38% and 10% in the revenue of spinning business segment and garment segment respectively. During the year, we experienced an increase in trade receivables by 35.44% which further helped us to increase our current assets by 17.26%. A rise in our total expenditure led to a decrease in our PAT to ₹515.05 lakhs.

The denim industry is currently plagued by excess capacity adversely affecting the volumes and margins. The power division continued to be affected by the problem of high cross subsidy rates in Maharashtra. Realisations in yarn division have been generally stagnant, while in the case of denim fabric, sales were severely impacted in the domestic market. In export, sales volumes have improved, but the realization has been much lower on account of intense competition. In addition, the raw material rates have been higher. As a result of all these adverse factors, the operations have been badly affected, limiting the net profit after tax to ₹515 lakhs.

Dividend

In view of the inadequate profits, the Board regrets its inability to recommend a dividend for the year 2017-18.

Capital Expenditure

During the year under review the Company incurred capital expenditure of ₹9.96 Crores.

Exports

The exports at ₹159 Crores represents a small increase over that of previous year, though the volume growth has been 19%. The exports have been impacted by weak global markets coupled with 4% reduction in the duty draw back and strengthening of rupee in the previous year, eroding margins considerably. The industry's export competitiveness has also been affected by blockage in GST refunds and slow disbursements in rebates on State levies. As the domestic market has been sluggish, there has been intense competition in export market resulting in eroded margins. However, the Company has succeeded in retaining old customers while increasing its share of business with leading brands like Wrangler, Walmart, etc. The Company also continues its focus on new product development and better delivery in terms of quality and innovation in fabric design.

Future Outlook

The denim industry has weathered a rough patch battling the effects of demonetization quickly followed by disruption on account of introduction of GST. It has now to contend with cheaper imports of fabrics & garments from Bangladesh and Sri Lanka. The export competitiveness continues to be a concern. The company is exploring options with new garment factories emerging in Africa and Vietnam regions. The Company is confident of its ability to face the evolving scenario with renewed dedication to improvements in quality and service for customer satisfaction.

Directors

Smt. Padmini Agarwal, Whole-time Director (DIN No. 01652449) will retire at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Further details about the above Director 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 annual 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

Policy on Appointment & Remuneration of Directors

The Company follows a policy on appointment and 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.

Declaration by Independent Directors

The Company has obtained the declaration from the Independent Directors confirming that they meet the criteria of Independence provided in Section 149(6) of the Companies Act, 2013.

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) Annual Return:

The Company's Annual Return has been hosted on Company's website and can be accessed at the weblink www.suryalakshmi.com

ii) Number of Board Meetings:

The Board of Directors met four times during the year 2017-2018. 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) 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>

vii) There are no frauds reported by the Auditors U/s.143(12) of the Companies Act, 2013.

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

viii) There were no significant and material orders passed by the Regulators/ Courts that would impact the going concern status of the Company and its future operations.

Corporate Governance

As per the latest Listing Regulations on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report (**Annexure - 5**).

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 - 1**).

Corporate Social Responsibility Policy

At Suryalakshmi a major concern has been, the sincere effort by the Company to recognize 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-2** 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 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 behaviour, 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 Harrasment Policy in line with the requirements of the Sexual Harrasment of Woman 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 Calender year:

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

Auditors

I. Auditors and Their Report:-

The Auditors' Report to the shareholders for the year under review does not contain any qualification, reservation or adverse remark or disclaimer made.

II. Cost Auditor and Cost Audit Report

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying our audit of cost records relating to Textile Division every year.

Pursuant to Section 148 of the Companies Act, 2013 the Board of Directors on the recommendation of the Audit Committee, has appointed M/s. Aruna Prasad & Co., Cost Accountants (Firm Registration No. 100883) as the Cost Auditors for the Financial Year 2018-19 and has recommended their remuneration to the shareholders for their ratification at the ensuing Annual General Meeting. M/s. Aruna Prasad Co., Cost Accountants have confirmed their appointment is within the prescribed limits and also certified that they are free from any disqualification.

III. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary in Whole-time Practice (M.No. F9268), 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 -3**.

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 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, as 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-4** 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.

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder is enclosed as Annexure-6 to the Board's Report.

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 : 19th May, 2018
Place : Secunderabad

L.N.AGARWAL
Chairman & Managing Director

Annexure 1

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 Kumar 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	4	3	2
Smt. Padmini Agarwal DIN No.01652449	Executive-Promoter	Nil	Nil	Nil
Sri A. Mallikarjun DIN No.02599532	IDBI Nominee Non-Executive	Nil	Nil	Nil
Dr.G.Vivekanand DIN No. 00011684	Non-Executive – Independent	1	1	1
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive – Independent	Nil	Nil	Nil

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

Names of Directors	No. of Board Meetings attended during the period 1st April, 2017 to 31st March, 2018	Attendance at the last Annual General Meeting held on 28/08/2017
Sri L.N.Agarwal	4	Present
Sri Paritosh K.Agarwal	4	Present
Sri R.Surender Reddy	3	Present
Sri Navrang Lal Tibrewal	3	Present
Sri R.S.Agarwal	4	Present
Smt. Padmini Agarwal	4	Absent
Dr.Vivekanand	1	Absent
Sri Dhruv Vijai Singh	4	Present
Sri A.Mallikarjun	4	Present

c) During the financial year ended March 31, 2018 - Four Board Meetings were held on 13/05/2017, 28/08/2017, 07/12/2017 and 12/02/2018.

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
Sri 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 on March 31, 2018 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	NIL
A.Mallikarjun	Director	NIL
Dr. G Vivekanand	Director	NIL
Dhruv Vijai Singh	Director	NIL

f) Web link where details of familiarization 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.

Smt. Padmini Agarwal, Whole-time Director (DIN No. 01652449) will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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

No. of shares held by Smt. Padmini Agarwal as on 31st March, 2018 in the Company – 971815

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 - Member, Non-Executive - IDBI Nominee

c. Meetings and attendance during the year

During the financial year ended March 31, 2018 - Four Audit Committee Meetings were held on 13/05/2017, 28/08/2017, 07/12/2017 and 12/02/2018.

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

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 March 31, 2018, no Remuneration Committee Meetings was held.

d) Performance Evaluation:

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

- (i) The concerned Director should be a person of the highest integrity possessing the necessary expertise expected of the Director in his area of the specialization or general business.
- (ii) 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.
- (iii) 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.
- (iv) 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) 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* (for year ended 31/03/2018)

Name	Designation	Amount (₹)
Sri R.Surender Reddy	Independent Director	22500/-
Sri Navrang Lal Tibrewal	Independent Director	22500/-
Sri R.S.Agarwal	Independent Director	30000/-
Sri Dhruv Vijai Singh	Independent Director	20000/-
Dr. G.Vivekanand	Independent Director	5000/-
Sri A.Mallikarjun	Nominee – IDBI	30000/-

* exclusive of incidental expenses

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

- (i) 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 the Executive Directors

(During 01/04/2017 to 31/03/2018) *

Name	Designation	Salary & Commission	Perquisites	(₹ in lacs)
				Total
L.N.Agarwal	Chairman & Managing Director	12.00	0.06	12.06
Paritosh K Agarwal	Managing Director	10.80	0.23	11.03
Padmini Agarwal	Whole Time Director	6.00	-	6.00

* During the year 2017-18, the Managing Directors & Whole-time Director have voluntarily restricted their remuneration to 10% of net profits U/s.198 of Companies Act 2013, though they are eligible to draw their approved remuneration.

- (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 -

- iii. Sri Siddhant Sharma - Member, Chief Executive Officer (Denim Divn.)
- iv. Sri R.L.Narayana - Member, President (Amanagallu Unit)
- iv. Sri P.S..Subramanyam - Member, President (Finance)

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

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 - 3

No. of Complaints received for the Year ended 31st March., 2018 - 23

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
2014-2015	29/07/2015	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.00 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.
2016-2017	28/08/2017	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 29/07/2015 –
 - i) Approval of Mortgage by Company.
 - ii) Change of Address of Registrar & Transfer Agents.
2. 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
3. At the AGM held on 28/08/2017 –
 - (i) Amendment in Articles of Association.
 - (ii) Ratification and Approval of Mortgage
- c) Whether any special resolution passed last year through postal ballot – details of voting pattern;
NO
- d) Person who conducted the postal ballot exercise
NOT APPLICABLE
- e) Whether any special resolution is proposed to be conducted through postal ballot
NO
- 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 : Saturday, 29th September, 2018

Time : 10.30 A.M

Venue : Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003.

b) Financial Year

1st April to 31st March following

c) Date of Book Closure

Saturday, 22nd September, 2018 to Saturday 29th September, 2018 (both days inclusive).

Dividend Payment Date: No Dividend has been recommended.

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
The 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, 2017	122	106.9	122	107.5	30184.22	29241.48
May, 2017	121	105.00	121	103.25	31255.28	29804.12
June, 2017	112.5	102.5	113.9	102.7	31522.87	30680.66
July, 2017	124.75	102.05	118.35	102.15	32672.66	31017.11
August, 2017	111.6	91.9	112	91.6	32686.48	31128.02
September, 2017	99.5	83.05	99.9	83.25	32524.11	31081.83
October, 2017	99.20	81.6	99	83	33340.17	31440.48
November, 2017	97.9	87	97.85	87.05	33865.95	32683.59
December, 2017	105	85	104.75	87	34137.97	32565.16
January, 2018	112.6	87.55	111.8	88	36443.98	33703.37
February, 2018	91.25	75.95	91	76.35	36256.83	33482.81
March, 2018	81.3	81.3	80.05	63.05	34278.63	32483.84

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 31.03.2018

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	5753000	34.51
Bodies Corporate	1301639	7.81
Banks & Financial Institutions	86683	0.52
Mutual Funds	0	0.00
FII's	0	0.00
Non Resident Indians	110637	0.66
IEPF	50816	0.30
Unclaimed Suspense Account	13006	0.08
Others (clearing members)	29620	0.18
Total	16672290	100.00

Distribution Schedule - Consolidated As on 31-03-2018				
Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
01-5000	7347	81.49	10123220.00	6.07
5001- 10000	800	8.87	6461350.00	3.88
10001- 20000	409	4.54	6330100.00	3.80
20001- 30000	141	1.57	3589510.00	2.15
30001- 40000	66	0.73	2423790.00	1.45
40001- 50000	56	0.62	2688420.00	1.61
50001- 100000	101	1.12	7183130.00	4.31
100001& Above	96	1.06	127923380.00	76.73
Total	9016	100.00	166722900	100.00

l) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialization on both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 16581903 shares amounting to 99.45% of the Capital have been dematerialised by investors as on 31st March, 2018.

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 share, 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 2017-18 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 Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

During the financial year 2016-2017, your Company had received a show cause notice from Securities and Exchange Board of India (SEBI) in relation to certain past issuances of shares on preferential basis to certain individuals. SEBI has disposed off the proceedings on processing the settlement application filed by the Company.

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;**

111 shareholders – 26983 shares.

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

NIL

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

NIL

- (iv) **number of shareholders whose shares were transferred from suspense account to IEPF Authority under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.**

95 shareholders - 13977 shares

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

16 shareholders - 13006 shares

- (vi) **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, 2018.

for SURYALAKSHMI COTTON MILLS LIMITED

Place : Secunderabad
Date : 19th May, 2018

L.N. Agarwal
Chairman & Managing Director

CEO / CFO Certification

We hereby certify that :

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 and 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 : 19th May, 2018

P. S. Subramanyam
President (Finance)

Paritosh K. Agarwal
Managing Director

Independent Auditors' Certificate on Corporate Governance

To the Members of **Surya Lakshmi Cotton Mills Limited**

1. This certificate is issued in accordance with the terms of our engagement letter.
2. We have examined the compliance of conditions of corporate governance by Surya Lakshmi Cotton Mills Limited (the 'Company') for the year ended 31st March, 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), and the Guidance Note on Reports or Certificates for Special purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

We 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.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

for **K.S.Rao & Co.,**
Chartered Accountants
Firm Registration No.003109S

P.Govardhana Reddy
Partner
(Membership No.029193)

Place : Hyderabad
Date : 19th May, 2018

Annexure 2

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. The weblink to the CSR Policy is: 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)	₹3209.52 lakhs
4.	Prescribed CSR expenditure (two percent of the amount as in Item 3 above)	₹64.19 lakhs
5.	Details of CSR spent during the financial year. a) Total amount to be spent for the financial year; b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below.	₹64.19 lakhs ₹50.36 lakhs
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 profit the reasons for not spending the amount in the Board Report.	Please refer to Directors' Report at Page No. 17
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

Date : 19/05/2018.

Place : Secunderabad

L.N. Agarwal

Chairman Of CSR Committee

CSR payments made upto the year end 31st March, 2018

S. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED	PROJEC TS 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	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD FOR THE FY 2017-18	AMOUNT SPENT: Direct or through Implementing Agency	(in ₹)
1	Gau Seva	Animal Welfare Project	Govardhan Parikram Marg, Roykund, Mathura, Uttarpradesh, Kurnool, Andhra Pradesh & Hyderabad, Telangana State	3,00,000	2,55,000	Bhuvan Mangalkari Hare Krishna Mahamantra Charitable Trust & Gayathri Goseva Samithi & Bhagyanagar Gau Seva	
2	Police Welfare Fund	Welfare Fund	Nagpur, Maharashtra & Nandgaonpet, Amravati Maharashtra	1,50,000	1,25,000	SUPERINTENDENT OF POLICE, Nagpur Rural	
3	Health Care	Preventive Health Care	Swa. Gopalrao Lohbare Bahuuddeshiya Shikshan Sanstha, Tarasa, Ta. Mouda, Nagpur District, Maharashtra, Thumullur, Telangana	1,25,000	90,200	Zilla Parishad, Nagpur & Late Gopalrao Lahbare Bahuuddeshiya Shikshan Sanstha & Yogiraj Swami Sitaramdasji Maharaj Hospital Research Centre & Rani Awatibai Pani Wapar Sanstha	
4	Promoting Education	Salaries to Teaching Staff	Ayachit Mandir Road, Mahal, Nagpur District, Maharashtra & MPP Middle School, Vitaipally, R R Dist. Telangana & ZPHS(Girls) Amangallu Telangana	2,00,000	1,52,753	Bhosla Vedshastra Nivasi Veda Pathshala & Direct by the Company	
5	Annadanam(Food for Life)	Welfare Fund	P O Nagardhan, The-Ramtek, Nagpur, Maharashtra	1,25,000	1,01,000	AMBA FESTIVAL TRUST & International Society For Krishna Consciousness	
6	Contribution for Animal Welfare at Nehru Zoological Park	Animal Welfare Project	Hyderabad, Telegana State	30,000	15,000	CURATOR, NEHRU ZOOLOGICAL PARK	
7	Development of Arts	Promotion & Development of Traditional Arts	Ramtek, Nagpur, Maharashtra	1,00,000	1,00,000	KALIDAS SAMAROH AYOJAN SAMEETI, TRIBAL DEVELOPMENT DEPARTMENT	
8	Sponsorship for Sports	Promoting Sports	Nagardhan, Ramtek, Nagpur, Maharashtra	50,000	30,000	SHRI UMRAOJI KRIDA & BAHUUDDESHIYA SANSTHA & Vasanth Maharaj Krida Mandal	
9	Rural Development	Jalyukt Shivar	Nagpur, Maharashtra	5,00,000	5,00,000	VIDARBHA INDUSTRIES ASSOCIATION	
10	Tree Planitation	Enviornment Protection	Ramtek, Nagpur, Maharashtra	20,000	14,500	Direct by the Company	
Total				16,00,000	13,83,453		

Annexure 3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31-03-2018

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
Hyderabad.

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 **Surya lakshmi 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 authorized 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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
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, 2018 ("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.
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

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

Place: Hyderabad
Date: 17/05/2018

K . V . Chalama Reddy
Practising Company Secretary
M. No.F9268, 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,
The Members,

Suryalakshmi Cotton Mills Limited

Hyderabad.

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. Where ever 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: 17/05/2018

K . V . Chalama Reddy
Practising Company Secretary
M.No.F9268, C.P.No.5451

Annexure 4 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. Installed rooftop solar power at our Garment Unit and getting about 2000 units per day.
(ii) the steps taken by the company for utilising alternate sources of energy;	2. Reduction of blade angle for supply Fan in Card H-Plant.
(iii) the capital investment on energy conservation equipments;	3. Reduction of blade angle for supply and Return Fan in Spinning-1 H Plant.
	4. Installation of PRV in Spinning section main compressed air line network.
	5. KTM M/C modification effected.
	6. LCB No.1 & 4 modification effected.
	7. New energy efficient cooling tower installed.
	8. Conversion of physiochemical ETP to Biological treatment in order to achieve very less use of chemical in effluent treatment, sludge generated will be biological instead of chemical and improvement in environmental impact by using less chemicals.
	9. 1000 new LED tube lights in replacement of old tube lights.

B. Technology Absorption

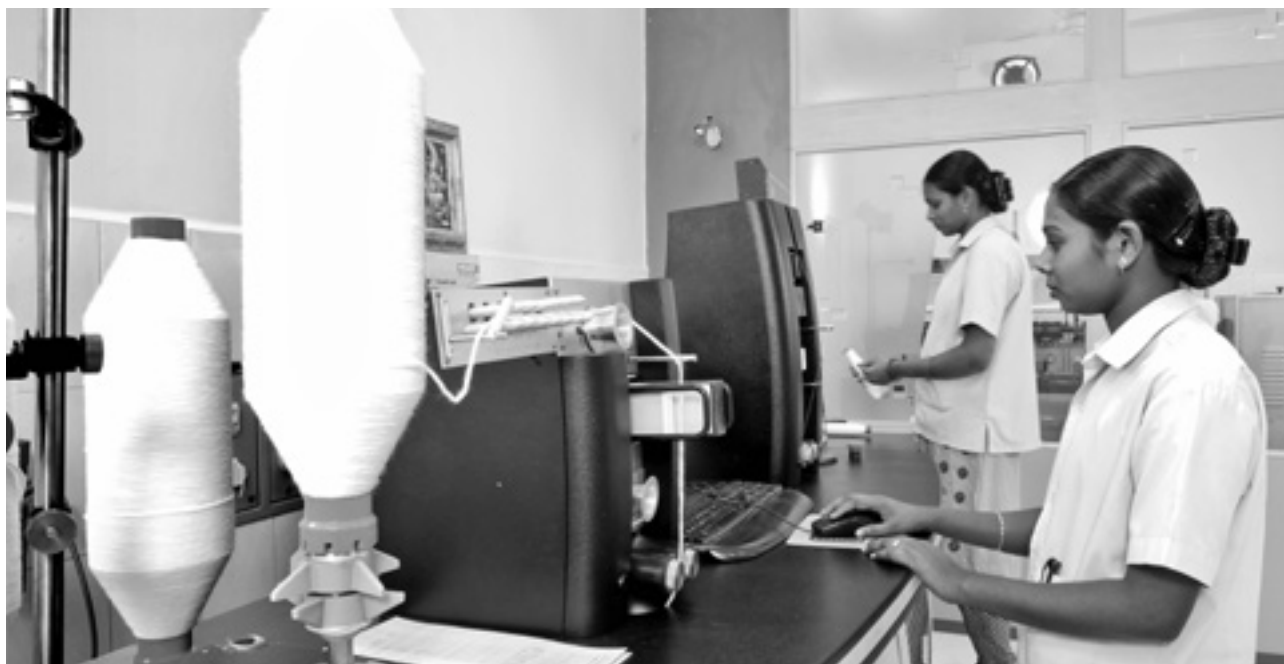
(i) the efforts made towards technology absorption;	NOT APPLICABLE
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
(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.	₹17.49 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)	
	2017-18	2016-17
Foreign Exchange Earned		
FOB Value of Exports	15656.37	14736.33
CIF Value of Exports	15878.27	15028.60
Foreign Exchange Used		
(a) Commission on export sales	233.89	205.00
(b) Foreign Travel Expenses	19.87	24.35
(c) Raw material	778.46	1246.56
(d) Plant / Machinery & Others	1.18	451.15
(e) Stores & Spares	1707.75	2330.79
(f) Repayment of loans	349.84	1451.35
(g) Interest	17.60	104.71
(h) Foreign Technical and Consultancy Services and	21.01	18.72
(i) Others	41.94	79.51

Management Discussion & Analysis



Indian economic overview

After registering a GDP growth of >7% for the third successive year in 2016-17, the Indian economy headed for slower growth (estimated 6.6%) in 2017-18, as indicated by the first advance estimates released by CSO. This was lower than the range (6.5 to 6.75%) projected based on recent developments. Nevertheless, GDP growth averaged 7.3% for the period between 2014-15 and 2017-18, the highest among major economies. This growth was accompanied by lower inflation, improved current account balance and reduction in the fiscal deficit-to-GDP ratio. In addition to GST introduction, the year was marked by significant steps towards resolution of problems associated with NPA and FDI liberalisation, among others. Export growth strengthened in 2017-18; foreign exchange reserves grew to US\$ 414 billion as on 12th January 2018; average crude oil prices rose ~14% (mid-January 2018) vis-à-vis 2016-17. Going by recent trends, the average crude oil prices could be in the vicinity of US\$ 56-57 per barrel and rise 10-15% in 2018-19. Some of these factors could dampen GDP growth in 2018 though with global growth likely to moderately improve in 2018, expectations

of a greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, among others, could support higher growth. (Source: Economic Survey 2017-18) Various reforms taken by the Government of India have led to increase in India's ranking in the World Bank's Ease of Doing Business Index from 130 in 2017 to 100 in 2018.

Indian textile industry

India has presence across the entire textile supply chain which includes spinning, weaving, knitting, processing and garmenting. The size of the domestic textile industry is ~US\$150bn and contributes ~4% to India's GDP and constitutes ~13% of the country's export earnings. It is the second largest employer after agriculture, employing over 45 million people directly and 60 million people indirectly. Out of the total size, India's export share stands at ~US\$36.66bn and has emerged as the third largest exporter of textiles and apparels in the World after China (37%) and EU (25%) with an overall market share of ~5%. The domestic textile and apparel industry in India has shown promise over last decade and is expected to reach a market size of US\$ 250 billion by

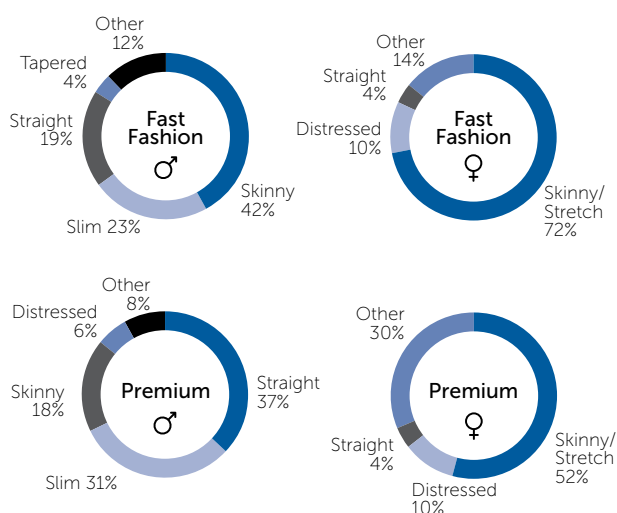
2023 from \$ 150 billion in 2016. Textile and apparel exports from India are expected to increase to \$82 billion by 2021 from \$ 36.66 billion in 2016. Key drivers to this growth would be increasing investments along with policy support by the government (Technology Upgradation Fund Scheme – TUFS, 100% foreign direct investment – FDI), rise in disposable income, better penetration in smaller cities and rapid urbanization. India is expected to have a market share of 15-20% of the global textile and apparel trade from the present 5%. The domestic market is also expected to grow at 12% p.a. or higher. India's contribution to the home textile industry is at ~11% behind China with 35% share.

Overview of Denim industry

The denim market is undergoing a paradigm shift, unseen since the rise and fall of premium denim in the 2000s. The combination of consumer demand for new denim styles coupled with shifting market trends sets the stage for a new playing field. With newness in cut, fabric, and finish; denim is popping up as a key must-have fashion item. Trendalytics' intelligence indicates that denim supply and demand is imbalanced as the breadth of style availability currently falls short of directional consumer demand signals. Today, style-centric search queries outpace branded search, creating new opportunities for brand discovery, while making brand experience more important than ever.

Two macro shifts have created the perfect environment for fast fashion to challenge the establishment. First, we are at a tipping point in the lifecycle of premium denim brands,

Fast Fashion vs Premium Product Assortment

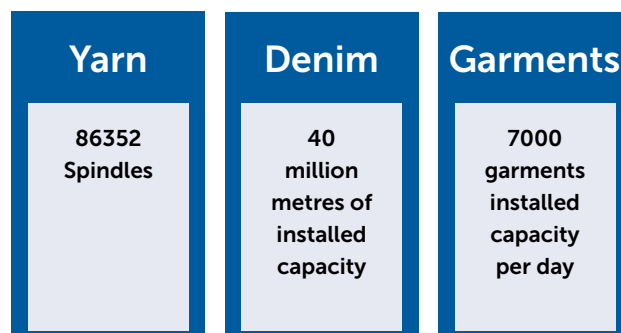


whose search volume has been gradually cut in half since the peak of the premium market in 2012.** Second, consumers are increasingly trend-centric instead of brand-centric. Brand cachet no longer holds the same sway it did during the heyday of premium. Instead, recycled fits from the 80s and 90s, like mom jeans, and distressed finishes, frayed and embroidered, are dominating our social feeds.

The market size of Indian Denim Wear was estimated to be ₹20,205 crore in 2016. The market is now projected to grow at a CAGR of 14.5 per cent and reach ₹39,651 crore by 2021, and ₹77,999 crore market by 2026. The men's denim segment comprises 84 per cent of the market while the women's denim segment and kids' denim segment comprise 10 per cent and 6 per cent respectively.

Company overview

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 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.



Integration

The Company delivers innovative 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.

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.

- Best Exporter of the Region VIA-SOLAR Vidarbha Udyog Gaurav Awards 2017, by Vidarbha Industries Associations, Nagpur, Maharashtra
- 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 of as on
31st March 2018

92%

Capacity Utilization as on 31st
March 2018

43.94%

Contribution to total revenue

Manufacturing Capacity

The company has state-of-the-art manufacturing facilities in Telangana and Maharashtra. These manufacturing facilities, through ultramodern spinning units, helps the company to produce cotton and synthetic yarn which are accepted globally for their high quality. Over the year, Suryalakshmi has not just focused on increasing its manufacturing capacity but it has also expanded its product portfolio with value-added yarns, thus augmenting the company's captive need for niche products. The average life of spindles is 12 years. Thus, the spindles not only produce optimum result but also ensures that the company operates in accordance with Uster standards, the global spinning benchmark.

Technology

The company has always taken steps towards investing in cutting-edge technologies acquired from some of the most respected global suppliers, thus allowing the company to deliver some of the best quality products across its value chain. The company had 44% of manufacturing assets as on 31st March 2018, which is less than 10 years old. This preference for investing in best technology resulted in the manufacture of innovative value-added products that helped the company to retain customers and take its brand ahead. It has also helped the company to ensure customer satisfaction and business sustainability.

Market presence

The company believes textile industry to be a capital and labour intensive industry. Thus, in such a business success is derived from the ability to maximize off take, making it possible to cover fixed costs more effectively. Over the years, Suryalakshmi has expanded not just domestically but also globally. Today the Company 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 meters

Installed capacity of as on
31st March 2018

87.3%

Capacity Utilization as on 31st
March 2018

46.16%

Contribution to total revenue

Overview

Suryalakshmi brings with itself treasure of sectoral knowledge spread across more than two decades. This has enabled the Company to have a well-established place in the global denim industry, and be one of the most preferred denim suppliers across globe that is capable of meeting all required standards. The denim business segment of the company delivers its products to some of the top international brands like Wrangler, Lee, Levi's and Pepe Jeans, among others. The company has always given adequate focus towards quality, innovative designs and development of value added products in order to meet the requirements of dynamic fashion world. This innovative strategy taken by the company has helped it to earn the status of a preferred supplier for a long period of time.

Manufacturing

The company has always concentrated on even the minutest detail which has helped it to emerge as a market leader not just in India but also across the world. This has also allowed Suryalakshmi to make its present felt in an ever changing and competitive textile market. The company has manufacturing facility in Ramtek, Maharashtra that is updated with latest

technology and machines and has an installed capacity of 40 million metres per annum, among one of the highest in the industry.

Product mix

Fashion and apparel industry is a dynamic one where the lifecycle of a fashion product is getting shorter day by day, and thus the survival of a company depends on number of products in the product portfolio. Suryalakshmi has a motto to keep its customers "satisfied", with this the company provides them a wide range of top-quality products to choose from. The state-of-the-art manufacturing facilities of the company ensures it to deliver a wide range of denim fabrics. The company continuously engages with international teams to keep itself updated with latest technological and fashion trends. With the aim to strengthen its relationships, the company frequently engages itself in research and development of niche fabrics, in terms of textures, washes, colours and shades.

Summer and winter collections

Suryalakshmi has successfully set up a fashion team which studies the ongoing trends in fashion industry all over the world. This has allowed the company to be a global company that is preferred by top international brands. The result of this approach is seen by the company's ability to launch attractive spring-summer and autumn-winter collections every year. This initiative has helped the company emerge as an relevant and important partner instead of just another manufacturing supplier for its niche portfolio of global partners.

Garments

Over the years, at Suryalakshmi an uncompromising emphasis has been laid down on building association with some of the leading readymade garment brands across the globe. This association with top players has not only helped the company to progress as a quality conscious player, but has also allowed it to become one of the leading Original Denim Manufacturer (ODM) suppliers of high-quality garments to some of the renowned names in Denim industry of the world. The company has a well-established presence across the value chain of the fashion wear segments, ranging from menswear, women wear to kids wear.

Suryalakshmi has always focused on product development supported by its associations along with insights from fashion experts from all around the globe. The company has a capacity of 7000 garments per day which allows it to be the hand behind top players in domestic and global denim garment industry.

DISCUSSION ON FINANCIAL PERFORMANCE

Operations

During the year under review, we recorded a strong revenue from operation of ₹764 Crores, despite various challenges faced by us. We experienced a growth of 7.38% and 10% in the revenue of spinning business segment and garment segment respectively. During the year, we experienced an increase in trade receivables by 35.44% which further helped us to increase our current assets by 17.26%. A rise in our total expenditure led to a decrease in our PAT to ₹515.05 lakhs.

The denim industry is currently plagued by excess capacity adversely affecting the volumes and margins. The power division continued to be affected by the problem of high cross subsidy rates in Maharashtra. Realisations in yarn division have been generally stagnant, while in the case of denim fabric, sales were severely impacted in the domestic market. In export, sales volumes have improved, but the realization has been much lower on account of intense competition. In addition, the raw material rates have been higher. As a result of all these adverse factors, the operations have been badly affected, limiting the net profit after tax to ₹515 lakhs.

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.

Annexure 6 to Directors' Report

Statement of particulars as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 31st March, 2018;

Sl. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Sri L.N.Agarwal	17.35
2.	Sri Paritosh K. Agarwal	15.85
3.	Smt. Padmini Agarwal	8.66

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Sl. No.	Name of the Director	Percentage increase in the remuneration
1.	Sri L.N.Agarwal	NIL
2.	Sri Paritosh K. Agarwal	NIL
3.	Smt. Padmini Agarwal	NIL
4.	Sri Siddhant Sharma	NIL
5.	Sri E.V.S.V.Sarma	NIL
6.	Sri P.S.Subramanyam	NIL

- (iii) The percentage increase in the median remuneration of employees in the financial year;

8%

- (iv) The number of permanent employees on the rolls of company;

There are 4000 employees on the rolls of the Company.

- (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

8%

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration paid to the Key Managerial Personnel is as per the Remuneration Policy of the Company.

On behalf of the Board

Place : Secunderabad
Date : 19th May, 2018

L.N.Agarwal
Chairman & Managing Director

The background is a solid blue color with several white diagonal lines of varying lengths and positions, creating a dynamic, abstract pattern.

Financial Statements

Independent Auditors' Report

To the members of

Surya Lakshmi Cotton Mills Limited

Hyderabad

Report on Ind-AS Financial Statements:

We have audited the accompanying Ind AS financial statements of, Surya Lakshmi Cotton Mills Limited which comprise the Balance sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Companies Act, 2013 the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31st March, 2018, of total comprehensive income (comprising profit and other comprehensive income), its cash flows and changes in equity 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 the paragraph 3 and 4 of the Order, to the extent applicable.

2) As required by Section 143(3) of the Companies 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 purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement and changes in equity dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, read with relevant rules issued there under and other accounting principles generally accepted in India;
- e) on the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act;

f) with respect to the adequacy of internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and

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 no pending litigations that would impact its financial position. However, the Company has disclosed all pending litigations as contingent liabilities – Refer Note 33.1(a) to the Ind AS financial statements;
- ii) the Company has no long term contracts and did not have derivative contracts;
- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

for **K.S. Rao & Co**
Chartered Accountants
Firm Registration No. 003109S

P. Govardhana Reddy
Partner
(ICAI Memb. No.029193)

Place: Hyderabad
Date: 19th May, 2018

Annexure 'A' to the Independent Auditors' Report

The Annexure referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of Surya Lakshmi Cotton Mills Limited for the year ended 31st March 2018.

We report that:

- (i) a. the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets;
- b. the Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification;
- c. according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- (ii) the inventory has been physically verified by the management at reasonable intervals during the year under report and the discrepancies noticed during such physical verification of inventories as compared to book records have been properly dealt with in the books of account;
- (iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the said Order are not applicable to the company;
- (iv) in our opinion and according to the information and explanations given to us, the company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of Section 186 of the Companies Act 2013, in respect of investments made by the company;
- (v) 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
- (vi) we have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) according to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues applicable to it; and according to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of customs, duty of Excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of 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, the dues of Sales tax, Income tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of dispute are 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
Central Excise Tariff Act, 1985	Cenvat Excise duty	32.89	2004-05	Hon'ble High Court of Judicature at Bombay Bench, at Nagpur
Maharashtra Gram Panchayat Act	Gram Panchayat Tax	23.87	2017-18	Divisional Commissioner, Maharashtra State, Nagpur
Customs Act, 1962	Customs Duty [#]	559.37	2004-05	CESTAT, Mumbai
	Custom Duty	61.49	2009	Hon'ble High Court of Judicature of A.P., Hyderabad

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

- viii) according to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks during the year under report;
- ix) in our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year;
- x) during the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor we have been informed any such cases by the management;
- xi) 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 the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act 2013;
- xii) the company is not a chit fund or a nidhi/mutual benefit fund/society and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report;
- xiii) according to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- xiv) according to the information and explanations 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;
- xv) according to the information and explanations given to us, and based on our examinations of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Therefore, the provision of clause 3(xv) of the Order is not applicable;
- xvi) the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

for **K.S. Rao & Co**
Chartered Accountants
Firm Registration No. 003109S

P. Govardhana Reddy
Partner
(ICAI Memb. No.029193)

Place: Hyderabad
Date: 19th May, 2018

Annexure 'B' to the Independent 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 with reference to financial statements of Surya Lakshmi Cotton Mills Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls with reference to financial statements

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 expenditures 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India.

for **K.S. Rao & Co**
Chartered Accountants
Firm Registration No. 003109S

Place: Hyderabad
Date: 19th May, 2018

P. Govardhana Reddy
Partner
(ICAI Memb. No.029193)

Balance Sheet

as at 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2(A)	40,263.42	40,810.01	42,121.35
(b) Capital Work-in-progress	2(B)	169.39	1,517.98	429.46
(c) Other Intangible assets	3	23.61	29.39	38.14
(d) Financial Assets				
(i) Loans	4	503.85	544.47	501.45
(ii) Other financial assets	5	52.25	337.33	221.00
(e) Deferred Tax Assets (net)	20	-	-	-
(f) Other non-current assets	6	671.08	759.81	457.33
(2) Current assets				
(a) Inventories	7	17,316.49	17,755.51	15,632.23
(b) Financial Assets				
(i) Investments	8	5.01	5.87	6.33
(ii) Trade Receivables	9	17,733.72	13,093.62	13,684.43
(iii) Cash and cash equivalents	10	104.29	219.38	470.51
(iv) Bank balances other than (ii) above	11	864.31	144.78	172.87
(v) Loans	12	38.26	49.98	56.91
(vi) Others	13	4,878.85	4,130.63	5,174.48
(c) Current Tax Assets (Net)	14	115.55	-	-
(d) Other current assets	15	2,210.27	1,497.12	1,924.45
Total Assets		84,950.35	80,895.88	80,890.94
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	16	1,844.53	1,844.53	1,844.53
(b) Other Equity	17	26,240.09	25,954.23	24,322.92
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	14,441.93	12,824.40	17,202.40
(b) Provisions	19	600.03	552.99	465.06
(c) Deferred Tax Liability(net)	20	4,544.37	4,875.43	4,455.54
(d) Other non-current liabilities	21	32.82	39.59	-
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	22	21,764.96	18,827.26	17,392.36
(ii) Trade payables				
- total outstanding dues of micro enterprises and small enterprises; and				
- total outstanding dues of creditors other than micro enterprises and small enterprises	23	10,038.78	7,641.35	7,266.03
(iii) Other financial liabilities	24	4,418.06	7,291.12	6,363.21
(b) Other current liabilities	25	689.31	634.84	843.65
(c) Provisions	19	335.47	268.49	243.89
(d) Current Tax Liabilities (Net)	26	-	141.85	491.35
Total Equity and Liabilities		84,950.35	80,895.88	80,890.94
Significant Accounting policies	1			
Explanatory Notes & Other Disclosures	35			

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firms' Registration No.: 0031095

(P Govardhana Reddy)

Partner

Membership No. 029193

E.V.S.V. Sarma

Company Secretary

(P.S. Subramanyam)

President (Finance)

L. N. Agarwal

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

Place : Secunderabad

Date : 19th May, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note No.	Current Year 31st March, 2018	Previous Year 31st March, 2017
I. Revenue from operations	27	76,058.53	77,709.33
II. Other income	28	336.87	122.82
III. Total Revenue (I+II)		76,395.40	77,832.15
IV. Expenses			
(i) Cost of materials consumed	29	41,382.23	42,524.27
(ii) Purchases of stock-in-trade		3,322.87	-
(iii) Changes in inventories of finished goods and work-in-progress	30	(734.51)	(2,473.98)
(iv) Employee benefits expense	31	7,568.01	7,134.12
(v) Finance costs	32	3,897.72	3,755.47
(vi) Depreciation and amortization expense	2,3	2,887.73	3,103.18
(vii) Other expenses	33	18,015.67	20,915.57
Total expenses (IV)		76,339.72	74,958.63
V. Profit / (Loss) before Exceptional Items and tax (III-IV)		55.68	2,873.52
VI. Exceptional Items	34	215.84	195.69
VII. Profit / (Loss) before tax (V+ VI)		271.52	3,069.21
VIII. Tax expense:			
(1) Current tax		63.44	720.72
(2) Deferred tax	33.6.2	(306.97)	397.61
(3) Income tax of earlier year			
IX. Profit / (Loss) after tax (VII-VIII)		515.05	1,950.88
X. Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	35	(57.72)	(36.87)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		18.45	12.60
B Items that will be reclassified to profit or loss			-
Other comprehensive income for the year (net of tax)		(39.27)	(24.27)
XI. Total Comprehensive Income for the period (IX+X)		475.78	1,926.61
XII. Earnings per equity share (face value of ₹10/-)			
Basic & Diluted		3.09	11.70
Significant Accounting policies Explanatory Notes & Other Disclosures		1	

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firms' Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place : Secunderabad

Date : 19th May, 2018

For and on behalf of Board of Directors

E.V.S.V. Sarma

Company Secretary

(P.S. Subramanyam)

President (Finance)

L. N. Agarwal

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

Cash Flow Statement

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A Cash flow from Operating Activities:		
Profit Before tax	271.52	3,069.21
Adjustments for:	-	-
Depreciation and Amortisation	2,887.73	3,103.18
Actuarial Gain/(loss) on Defined Benefit plans	(56.87)	(36.40)
Loss/ (Gain) on sale of tangible assets (net)	(38.33)	1.59
Interest Income	(92.09)	(77.13)
Finance Costs	3,897.72	3,755.47
	6,869.68	9,815.92
Operating profit before working capital changes		
Adjustments for (increase)/decrease in operating assets		
Inventories	439.02	(2,123.28)
Trade Receivables	(4,640.09)	590.80
Loans - Non current	40.62	(43.02)
Loans - current	11.72	6.93
Other financial assets - current	(1,461.92)	1,080.52
Other financial assets - Non current	285.08	(116.33)
Other non financial assets - current	(713.15)	427.34
Other non financial assets - Non current	6.31	(236.49)
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	2,397.43	375.32
Other financial liabilities	(186.65)	40.52
Short term provisions	66.97	24.60
Long term provisions	47.04	87.93
Other Non financial liabilities	54.48	(208.81)
Cash generated from operations	3,216.54	9,721.95
Income tax paid	(320.83)	(1,070.23)
Net Cash flow from/(used in) operating activities	2,895.71	8,651.72
B Cash flow from Investing Activities:		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(946.09)	(2,808.83)
Proceeds from sale of Property, plant and equipment	48.12	7.34
Interest income Received	86.26	68.55
Net Cash flow from/(used in) investing activities	(811.71)	(2,732.94)

Cash Flow Statement

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
C Cash flow from Financing Activities:		
Proceeds / (Repayments) of short term borrowings	2,937.68	1,434.91
Proceeds from Long term borrowings	5,431.09	456.61
Repayment of Long term borrowings	(6,496.42)	(3,897.43)
Interest and other borrowing costs paid	(3,868.59)	(3,805.49)
Equity Dividend (including DDT) paid	(202.85)	(358.51)
Net Cash flow from/(used in) financing activities	(2,199.09)	(6,169.91)
Net Increase in Cash and Cash equivalents (A+B+C)	(115.09)	(251.13)
Cash and Cash equivalents at the beginning of the year	219.38	470.51
Cash and Cash equivalents at the beginning of the year	104.29	219.38
Components of Cash and Cash Equivalents		
a. Cash on hand	3.67	3.25
b. Balances with banks		
- In current accounts	100.61	216.12
- In term deposits (with original maturity of 3 months or less)	-	-
- Post office savings bank account	0.01	0.01
Cash and Cash Equivalents as per Balance Sheet (Note no. 9)	104.29	219.38
c. Bank Overdraft	-	-
Total Cash and Cash Equivalents in Cash Flow Statement	104.29	219.38

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firms' Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place : Secunderabad

Date : 19th May, 2018

For and on behalf of Board of Directors

E.V.S.V. Sarma

Company Secretary

(P.S. Subramanyam)

President (Finance)

L. N. Agarwal

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

Statement of Changes in Equity for the year ended 31st March, 2018

A. Equity Share Capital

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
At the beginning of the year	1667.23	1667.23	1667.23
Changes in equity share capital during the year	-	-	-
At the end of the year	1667.23	1667.23	1667.23

B. Other Equity

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)						
	Reserves and Surplus				Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Other Reserves (Refer Note 17)	Retained Earnings	Remeasurements of net defined benefit plans	Equity Instruments through OCI	
Balance as at 01st April 2016	214.35	8,252.01	4,856.21	11,000.35	-		24,322.92
Total Comprehensive Income for the year ended 31st March 2017	-	-	-	1,950.88	(23.81)	(0.46)	1,926.61
Transfer to General Reserve			200.00	(200.00)			-
Equity portion on unsecured loan from Directors received during the year (net of income tax)			65.90				65.90
Equity Dividend paid including Dividend Distribution tax				(361.20)			(361.20)
Balance as at 31st March 2017	214.35	8,252.01	5,122.11	12,390.03	(23.81)	(0.46)	25,954.23
Total Comprehensive Income for the year ended 31st March 2018	-		-	515.05	(38.42)	(0.85)	475.78
Transfer to General Reserve			100.00	(100.00)			-
Equity portion on unsecured loan from Directors received during the year (net of income tax)			10.74				10.74
Equity Dividend paid including Dividend Distribution tax				(200.66)			(200.66)
Balance as at 31st March 2018	214.35	8,252.01	5,232.85	12,604.42	(62.23)	(1.31)	26,240.09

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firms' Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place : Secunderabad

Date : 19th May, 2018

For and on behalf of Board of Directors

E.V.S.V. Sarma

Company Secretary

(P.S. Subramanyam)

President (Finance)

L. N. Agarwal

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

CORPORATE INFORMATION

Suryalakshmi Cotton Mills Limited (the 'company') is a public limited company domiciled and incorporated in India under the Companies Act, 1956. The registered office of the company is located at 6th Floor, Surya Towers, 105 S P Road, Secunderabad, Telangana - 500003.

The company was formed in 1962 as a yarn manufacturing company. It has evolved today as integrated denim & branded Garments manufacturing textile Company. The company also has a captive thermal power plant.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation and Measurement:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. The financial statements up to year ended 31st March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. The financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 01st April 2016 have been restated in accordance with Ind AS for comparative information.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at 01st April 2016 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Previous GAAP") as defined in Ind AS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note No. 33.6.11 to these financial statements.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

1.2. Current Vs Non-current classifications:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for current or non-current classification of assets and liabilities.

1.3. Significant accounting policies:

1.3.1 Property, Plant and Equipment:

- **Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment other than land are carried at their cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost of acquisition.

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

- **Capital Work in Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

- **Transition to Ind AS**

On Transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 31st March, 2016 measured as per previous GAAP and use that carrying value as its deemed cost.

- **Depreciation and Amortization Methods**

- Depreciation is provided on Straight Line Method on the assets, over the useful lives specified in Schedule II to the Companies Act, 2013.
- Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

- **Impairment**

- Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).
- Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its

use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

13.2 Intangible Assets:

- **Computer Software**

Computer software is measured on initial recognition at cost. Following initial recognition, software is carried at its cost less accumulated amortization and accumulated impairment losses.

- **Amortization Methods**

The carrying amount of computer software is amortized over the useful life as estimated by the Management which is about 6 years for ERP software and 3 years all other intangible computer software assets.

- **Impairment**

- Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.
- Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

13.3 Borrowing Costs

Borrowing costs to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognized as expenses in the Statement of Profit and Loss in the period in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs include interest (calculated using Effective Interest Method) and other cost incurred in connection with the borrowing of funds.

13.4 Inventories

Finished goods and Work in progress are valued at the lower of cost or net realizable value.

Raw materials, stores and spares and packing material are valued at cost except where net realizable value of the finished goods they are used in, is less than the cost of finished goods and in such an event, if the replacement cost of such materials is less than their book values, they are valued at replacement cost.

Scrap is valued at Net realizable value.

The cost is computed on weighted average basis.

Cost of raw materials comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS-16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

13.5 Financial Instruments

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

Financial Assets

• Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

• Subsequent measurement:

For subsequent measurement, the Company classifies its financial assets into the following categories:

- (i) Amortized cost
- (ii) Fair value through profit and loss (FVTPL)
- (iii) Fair value through other comprehensive income (FVOCI).

a) Financial Asset measured at amortized cost

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

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

b) Financial Asset measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

The company while applying above criteria has identified that there are no financial assets that can be classified at fair value through other comprehensive income

- c) Financial Asset measured at fair value through profit and loss (FVTPL)

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

Investments in Equity shares are classified as financial assets measured at FVTPL.

- **Impairment**

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

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

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

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

- **Derecognition**

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

Financial Liabilities

- **Initial Recognition and Measurement**

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

- **Subsequent Measurement**

- a. **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognized in the profit or loss. The Company doesn't designate any financial liability at fair value through profit or loss.

- b. **Financial liabilities at amortized cost**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

- **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

13.6 Government Grants

The Company has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, 'Financial Instruments'. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. Income from such benefit is recognized on a systematic basis over the period of the

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

loan during which the Company recognizes interest expense corresponding to such loans.

13.7 Revenue

Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company.

- **Sale of goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and Goods & Service Tax. Revenue from export sales is recognized on the date of bill of lading, based on the terms of export.

- **Interest / Dividend**

Interest Income is recognized using the Effective interest rate (EIR) method. Dividend income is recognized when right to receive is established.

13.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis.

13.9 Prior period items

In case prior period adjustments are material in nature the Company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

13.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

13.11 Income taxes

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes using tax rates enacted, or substantively enacted, by the end of the reporting period.

13.12 Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

13.13 Earnings per share

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

13.14 Foreign Currency transactions

- **Functional and Reporting Currency:**

The Company's functional and reporting currency is Indian National Rupee.

- **Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- **Conversion on reporting date:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

- **Exchange Differences:**

Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

13.15 Employee Benefits

- **Defined Contribution Plan**

Employer's contribution to Provident Fund/ Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

- **Defined Benefit Plan**

- a. **Gratuity**

Gratuity liability is in the nature of defined benefit obligation. Such liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits". Actuarial gain/ (loss) in the valuation are recognized as other comprehensive income for the period.

- b. **Compensated absences**

Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

13.16 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

for the year ended 31st March, 2018

2 Property, Plant and Equipment

(All amounts ₹ in lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31 March, 2017	Additions	Deletions	As at 31st March, 2018	Upto 31 March, 2017	For the year	On Deletions	Upto 31st March, 2018	As at 31st March, 2018	As at 31 March, 2017
(A)	<u>Property, Plant and Equipment:</u>										
1	Land (Freehold)	499.25			499.25	-			-	499.25	499.25
2	Buildings:	-									-
	Factory	9,065.54	397.46		9,463.00	2,484.92	290.47		2,775.39	6,687.61	6,580.62
	Non Factory Building	3,414.47	102.75		3,517.22	632.40	107.54		739.94	2,777.28	2,782.07
	Township	712.60	14.81		727.41	87.94	11.43		99.37	628.04	624.66
3	Plant & Machinery	-	-		-	-	-		-	-	-
	Workshop equipment	8.02	-		8.02	7.26	0.09		7.35	0.67	0.76
	Plant and Machinery	52,883.11	1,741.19	189.92	54,434.38	26,526.93	2,091.52	180.43	28,438.02	25,996.36	26,356.18
	Testing Equipment	568.40	2.41		570.81	330.96	32.00		362.96	207.85	237.44
	Electrical Installations	5,340.87	41.79		5,382.66	2,562.29	177.02		2,739.31	2,643.35	2,778.58
	Weighing Machines	45.87	0.96		46.83	26.83	2.19		29.02	17.81	19.04
	Water Works	479.40	1.66		481.06	224.04	26.60		250.64	230.42	255.36
4	Furniture and Fixtures	496.31	30.64		526.95	341.29	32.61		373.90	153.05	155.02
5	Office equipment	-	-		-	-	-		-	-	-
6	Vehicles	319.86	0.62	5.84	314.64	131.49	36.55	5.55	162.49	152.15	188.37
7	Data Processing Equipment	301.22	6.33		307.55	272.95	14.09		287.04	20.51	28.27
8	Power lines*	553.41	-		553.41	249.02	55.32		304.34	249.07	304.39
	TOTAL (A)	74,688.33	2,340.62	195.76	76,833.19	33,878.32	2,877.43	185.98	36,569.77	40,263.42	40,810.01
(B)	<u>Capital Work-in-progress</u>	1,517.98	992.00	2,340.59	169.39	-			-	169.39	1,517.98
	TOTAL (B)	1,517.98	992.00	2,340.59	169.39	-	-	-	-	169.39	1,517.98
	Less: Internal transfers		(2,340.59)	(2,340.59)							
	Total	76,206.31	992.03	195.76	77,002.58	33,878.32	2,877.43	185.98	36,569.77	40,432.81	42,327.99

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

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

2 Property, Plant and Equipment (contd..)

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01st April, 2016	Additions	Deletions	As at 31st March, 2017	Upto 01st April, 2016	For the year	On Deletions	Upto 31st March, 2017	As at 31st March, 2017	As at 01st April, 2016
(A)	Property, Plant and Equipment:										
1	Land (Freehold)	498.55	0.70	-	499.25	-	-	-	-	499.25	498.55
2	Buildings:										
	Factory	8936.85	128.69	-	9065.54	2,200.09	284.83	2,484.92	6,580.62	6,736.76	6,736.76
	Non Factory Building	2859.21	555.26	-	3414.47	524.92	107.48	632.40	2,782.07	2,334.29	2,334.29
	Township	699.95	12.65	-	712.60	76.77	11.17	87.94	624.66	623.18	623.18
3	Plant & Machinery	-	-	-	-	-	-	-	-	-	-
	Workshop equipment	802	-	-	802	717	0.09	726	0.76	0.85	0.85
	Plant and Machinery	51974.60	908.51	-	52883.11	24,265.50	2,261.43	26,526.93	26,356.18	27,709.10	27,709.10
	Testing Equipment	547.39	21.01	-	568.40	286.63	44.33	330.96	237.44	260.76	260.76
	Electrical Installations	5265.75	75.12	-	5340.87	2,373.56	188.73	2,562.29	2,778.58	2,892.19	2,892.19
	Weighing Machines	44.39	1.48	-	45.87	24.65	2.18	26.83	19.04	19.74	19.74
	Water Works	474.79	4.61	-	479.40	196.00	28.04	224.04	255.36	278.79	278.79
4	Furniture and Fixtures	448.26	48.05	-	496.31	298.21	43.08	341.29	155.02	150.05	150.05
5	Office equipment	-	-	-	-	-	-	-	-	-	-
6	Vehicles	337.56	17.17	34.87	319.86	111.49	45.94	131.49	188.37	226.07	226.07
7	Data Processing Equipment	289.53	11.69	-	301.22	258.24	14.71	272.95	28.27	31.29	31.29
8	Power lines*	553.41	-	-	553.41	193.68	55.34	249.02	304.39	359.72	359.72
	TOTAL (A)	72,938.26	1,784.94	34.87	74,688.33	30,816.91	3,087.35	25.94	33,878.32	40,810.01	42,121.35
(B)	Capital Work-in-progress	429.46	2,873.45	1,784.94	1,517.98	-	-	-	1,517.98	429.46	429.46
	TOTAL (B)	429.46	2,873.45	1,784.94	1,517.98	-	-	-	1,517.98	429.46	429.46
	Less: Internal transfers		(1,784.94)	(1,784.94)							
	Total	73,367.72	2,873.45	34.87	76,206.31	30,816.91	3,087.35	25.94	33,878.32	42,327.99	42,550.81

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

3 Other Intangible Assets

(All amounts ₹ in lakhs, unless otherwise stated)										
Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK		
		As at	Additions	Deletions	As at	For the	On	Upto	As at	As at
		31st March, 2017			31st March, 2018	31st March, 2017	Deletions	31st March, 2018	31st March, 2017	31st March, 2017
Other Intangible Assets:										
	Computer Software	156.87	4.51	-	161.38	127.48	10.30	137.77	23.61	29.39
	Total	156.87	4.51	-	161.38	127.48	10.30	137.77	23.61	29.39
(All amounts ₹ in lakhs, unless otherwise stated)										
Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK		
		As at	Additions	Deletions	As at	For the	On	Upto	As at	As at
		1st April, 2016			31st March, 2017	1st April, 2016	year	Deletions	31st March, 2017	31st March, 2017
Other Intangible Assets:										
	Computer Software	149.79	7.08	-	156.87	111.65	15.83	127.48	29.39	38.14
	Total	149.79	7.08	-	156.87	111.65	15.83	127.48	29.39	38.14

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

4 Loans (Unsecured, considered good)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Deposits - Recoverable (Telephone, APSEB, Electricity, Coal deposits and others)	503.75	544.37	501.35
Security Deposit (NSC pledged as security for H10,000/- with Sales Tax Dept.)	0.10	0.10	0.10
Total	503.85	544.47	501.45

5 Other financial assets - Non current

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Term Deposits with balance maturity of more than 12 months - Margin money deposits on LCs and Bank Guarantees	52.25	337.33	221.00
Total	52.25	337.33	221.00

6 Other non-current assets (unsecured, considered good)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Advance for capital purchase	89.74	172.16	106.17
Prepaid Lease Rent (Refer Note no. 33.2)	581.34	587.65	351.16
Total	671.08	759.81	457.33

7 Inventories

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
At Cost			
Raw materials			
- Cotton	1,130.31	2,223.83	2,306.14
- Yarn	873.44	641.58	433.54
- Polyester Staple Fibre	261.60	190.43	217.47
- Viscose Staple Fibre	35.26	124.62	174.06
- Fabric	97.48	103.11	1.05
At lower of cost or Net Realisable Value			
Work-in-progress	6,820.11	7,327.06	5,034.91
Finished goods	6,021.29	4,783.90	4,586.24

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

7 Inventories (contd..)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
At Cost			
Stores and spares			
- Dyes & Chemicals	929.42	830.15	1,028.15
- Coal	151.63	289.11	829.53
- Other Stores & Spares	975.08	1,224.92	988.51
At Realisable Value			
Others -Cotton & PV waste	20.87	16.80	32.63
Total	17,316.49	17,755.51	15,632.23

8 Investments

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Investment in Equity Instruments (At fair value - Traded - Quoted)			
(i) Suryavanshi Spinning Mills Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹10/- each)	2.25	3.54	3.47
(ii) Aananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of ₹10/- each)	0.91	0.89	1.27
(iii) Sheshadri Industries Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹10/- each)	1.85	1.44	1.59
Total	5.01	5.87	6.33

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
a. Aggregate amount of Quoted Investments	105.19	105.19	105.19
Market Value of Quoted Investments	5.01	5.87	6.33
b. Aggregate amount of Unquoted investments	-	-	-
c. Aggregate amount of impairment in value of investments	100.18	99.32	98.86

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

9 Trade Receivables

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Unsecured, considered good	17,733.72	13,093.62	13,684.43
Total	17,733.72	13,093.62	13,684.43

10 Cash and cash equivalents

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Balances with banks			
- In current accounts	100.61	216.12	457.54
Cash on hand	3.67	3.25	12.96
Post office Savings Bank	0.01	0.01	0.01
Total	104.29	219.38	470.51

11 Other Bank Balances

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Balances with Banks			
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	432.65	125.94	156.72
- Term deposits with balance maturity of more than 3 months and less than 12 months	415.00	-	-
- Against Dividend Payments	16.66	18.84	16.15
Total	864.31	144.78	172.87

12 Loans (Unsecured, considered good)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Advances to staff(including advances to officers)	38.26	49.98	56.91
Total	38.26	49.98	56.91

Disclosure pursuant to Note no.B(V)(iv) of Part I of Division II of Schedule III

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Other officers of the Company	30.56	34.12	36.63
Total	30.56	34.12	36.63

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

13 Other financial assets (Unsecured, considered good)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Other advances	1,387.82	1,511.93	1,511.93
Interest Accrued	97.81	91.98	83.39
Interest subsidy receivable	1,386.57	1,051.45	872.99
Deposits recoverable	3.54	3.04	3.04
Claims/Other Receivable	2,003.11	1,472.23	2,703.13
Total	4,878.85	4,130.63	5,174.48

14 Current tax assets (net)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Advance Income tax & TDS Receivable (Net of provision)	115.55	-	-
Total	115.55	-	-

15 Other current assets (Unsecured, considered good)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Advance for purchase of raw material and stores	752.61	419.66	1,014.34
Balance with Statutory Authorities	-	-	-
Prepaid Expenses	121.93	260.92	170.59
TED Refund receivable	83.24	99.67	181.87
Export Benefit Entitlement Receivable	1,105.20	568.11	407.77
CVD Refund Receivable :			
(i) At ICD Nagpur	134.34	134.34	134.34
(ii) At JNPT, Mumbai	10.95	10.95	10.95
(iii) Excise Duty Refund Receivable	1.97	3.44	3.44
Balance with Statutory Authorities	0.03	0.03	1.15
Total	2,210.27	1,497.12	1,924.45

16 Equity Share Capital

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
a. Authorised:			
3,00,00,000 Equity Shares of ₹10/- each	3,000.00	3,000.00	3,000.00
b. Issued:			
2,32,01,556 Equity Shares of ₹10/- each	2,320.16	2,320.16	2,320.16
c. Subscribed and fully paid:			
1,66,72,290 Equity Shares of ₹10 each	1,667.23	1,667.23	1,667.23
Add: Forfeited Shares	177.30	177.30	177.30
	1,844.53	1,844.53	1,844.53

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

16 Equity Share Capital (contd..)

a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 01st April, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,66,72,290	1,667.23	1,66,72,290	1,667.23	1,66,72,290	1,667.23
Add: Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	1,66,72,290	1,667.23	1,66,72,290	1,667.23	1,66,72,290	1,667.23

b. Terms/ rights attached to equity shares

- (i) The company has only one class of equity shares having a face value of ₹10 per share.
- (ii) Each holder of equity share is entitled to one vote per share.
- (iii) The dividends recommended by the Board of Directors if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (iv) In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential claims, in proportion to the number of shares held.

c. List of shareholders holding more than 5% of total number of shares in the company

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 01st April, 2016	
	Number of Shares held	% holding	Number of Shares held	% holding	Number of Shares held	% holding
Equity Shares of ₹10/- each:						
Smt. Satyabhama Bai	3,023,032	18.13%	3,023,032	18.13%	3,023,032	18.13%
Late 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%	1,478,472	8.87%
Sri L N Agarwal	1,364,516	8.18%	1,364,516	8.18%	1,364,516	8.18%
Master Vedant Agarwal	1,065,356	6.39%	1,065,356	6.39%	1,065,356	6.39%
Smt. Padmini Agarwal	971,815	5.83%	971,815	5.83%	971,815	5.83%

17 Other Equity

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Capital Redemption Reserve	2.09	2.09	2.09
Preference Capital Redemption Reserve	671.60	671.60	671.60
General Reserve	4,260.81	4,160.81	3,960.81
Equity portion on Preference shares	67.03	67.03	67.03
Equity portion on unsecured loan from Directors	231.32	220.58	154.68
Total (a+b+c)	5,232.85	5,122.11	4,856.21

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

18 Borrowings

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Non-current portion			Current Maturities		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Secured						
Term loans:						
(a) Banks (TUFS)						
(i) Andhra Bank	-	131.92	343.47	132.56	212.71	212.71
(ii) State Bank of India (Earlier State Bank of Hyderabad)	-	52.60	351.40	53.02	300.00	300.00
(iii) Andhra Bank (40Crores)	1,987.07	2,650.18	3,312.24	668.00	668.00	668.00
(iv) IDBI Bank Ltd (40 Crores)	2,188.55	2,781.38	3,572.82	800.00	800.00	400.00
(v) Exim Bank	745.54	1,042.60	1,339.00	300.00	300.00	150.00
	-	-	-	-	-	-
(b) Banks (Non TUFS)	-	-	-	-	-	-
(i) IDBI Bank Ltd. 1 (10.20+3.00 Crores)	-	-	12.38	-	12.38	16.50
(ii) IDBI Bank Ltd. 2 (Rupee Tied)	-	-	96.24	-	96.24	128.32
(iii) IDBI Bank Ltd. 3 (FCL converted)	-	-	9.20	-	9.20	14.73
(iv) State Bank of India (Earlier State Bank of Travancore)	-	1,846.26	2,305.17	-	464.00	444.00
(v) Lakshmi Vilas Bank	-	-	697.35	-	694.71	700.00
(vi) Lakshmi Vilas Bank Garments Division	637.91	319.06	-	183.40	137.55	-
(vii) Axis Bank Limited	2,867.10	-	-	459.00	-	-
(viii) South Indian Bank Limited	1,740.29	-	-	-	-	-
	-	-	-	-	-	-
(c) Foreign Currency Loans	-	-	-	-	-	-
- IDBI Bank Ltd. - ECB (USD 9 Million)	-	-	1,606.58	-	1,574.34	1,432.60
	-	-	-	-	-	-
(d) Vehicle loans	-	-	-	-	-	-
- from banks	0.81	47.04	68.59	9.82	14.08	23.13
- from others	19.23	-	-	17.08	16.48	-
	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-
(a) Preference Shares (Issued to Related parties, at amortised cost)	-	-	-	-	-	-
- 2,00,000 5% Non-Cumulative Redeemable Preference shares of ₹100/- each	162.92	155.43	148.78	-	-	-
- 5,00,000 10% Cumulative Redeemable Preference shares of ₹100/- each	500.00	500.00	500.00	-	-	-
	-	-	-	-	-	-
(b) Loans from related parties	-	-	-	-	-	-
- from Directors	2,647.41	2,525.32	2,129.75	-	-	-
- Inter-corporate Deposits	896.80	726.80	615.80	-	-	-
	-	-	-	-	-	-
(c) Deferred Payment liabilities	-	-	-	-	-	-
- Sales Tax Deferment	48.30	45.81	93.63	3.27	7.85	20.52
	-	-	-	-	-	-
Total	14,441.93	12,824.40	17,202.40	2,626.15	5,307.54	4,510.51

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

18 Borrowings (contd..)

- A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'.
- B. 1. The term loans referred at (a)(i) to (a)(iii) and (b)(i) to (b)(iv) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & on the current assets of the company on second charge pari passu with existing term lenders and guaranteed by two directors of the company in their personal capacities.
2. The term loans referred at (a)(iii) to (a)(vi) and (c) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & on the current assets of the company on second charge pari passu with existing term lenders and guaranteed by three directors of the company in their personal capacities. The term loan referred at (b) (viii) above are also secured with exclusive collateral security of Non-Agricultural property owned by M/s. Jayman Dealers Pvt. Ltd.
3. The loan referred at (b)(v) 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.
- C. Vehicle loans are secured by hypothecation of the respective vehicles and guaranteed by one of the directors of the company.
- D. Terms of Repayment:

(All amounts ₹ in lakhs, unless otherwise stated)							
Particulars	Rate of Interest	As at 31st March, 2018		As at 31st March, 2017		As at 01st April, 2016	
		No of Instalments due	Amount	No of Instalments due	Amount	No of Instalments due	Amount
Term loans:							
(a) Banks (TUFS)							
(i) Andhra Bank	13.05%	3	132.56	7	344.63	11	556.19
(ii) State Bank of India (Earlier SB of Hyderabad)	13.00%	1	53.02	4	352.60	8	651.40
(iii) Andhra Bank (40Crores)	12.45%	16	2,655.07	20	3,318.15	24	3,980.23
(iv) IDBI Bank Ltd (40 Crores)	12.25%	15	2,988.55	18	3,581.38	20	3,972.82
(v) Exim Bank	11.30%	14	1,045.54	18	1,342.60	20	1,489.00
(b) Banks (Non TUFS)							
(i) IDBI Bank Ltd. 1 (10.20+3.00 Crores)	12.15%	-	-	3	12.38	7	28.88
(ii) IDBI Bank Ltd. 2 (Rupee Tied)	9.50%	-	-	3	96.24	7	224.56
(iii) IDBI Bank Ltd. 3 (FCL converted)	14.25%	-	-	3	9.20	7	23.93
(iv) State Bank of India (Earlier SB of Travancore)	12.00%	-	-	16	2,310.26	20	2,749.17
(v) Lakshmi Vilas Bank	12.25%	-	-	4	694.71	8	1,397.35
(vi) Lakshmi Vilas Bank - Garments Division	12.00%	18	821.31	20	456.61	-	-
(vii) Axis Bank Limited	10.00%	22	3,326.10	-	-	-	-
(viii) South Indian Bank Limited	10.75%	16	1,740.29	-	-	-	-
(c) Foreign Currency Loans							
- IDBI Bank Ltd. - ECB (USD 9 Million)	6m LIBOR + 300 Basis points	-	-	4	1,574.34	8	3,039.18

Notes forming part of the Financial Statements for the year ended 31st March, 2018

18 Borrowings (contd..)

E. Redemption terms of the Preference Shares

No of shares	Date of Repayment	Purpose
2,00,000 of ₹100/- each	21.12.2021	These shares are issued to the preference shareholders of erstwhile Suryakiran International Ltd., as per the scheme of amalgamation.
5,00,000 of ₹100/- each	18.08.2026	These shares are issued to part finance Company's spinning project at Amravathi, Near Nagpur, Maharashtra.

F. Sales Tax Deferment - Repayment Schedule:

Due Date	Amount (₹ in lakhs)
01.04.2018	3.27
01.04.2020	5.14
01.04.2021	0.41
01.04.2022	19.56
01.04.2023	57.40
	85.78

19 Provisions

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Non-current portion			Current Maturities		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Provision for employee benefits						
Gratuity (unfunded)	484.48	429.99	356.75	77.21	57.04	54.53
Compensated absences (unfunded)	115.55	123.00	108.31	40.17	-	-
Bonus	-	-	-	218.09	211.45	189.36
Total	600.03	552.99	465.06	335.47	268.49	243.89

20 Deferred Tax

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2018	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	As at 31st March, 2017	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income/Other Equity	As at 01st April, 2016
Deferred Tax Liabilities							
Property, Plant & Equipment & Intangible assets	5,543.41	(280.73)	-	5,824.14	(3.64)	-	5,827.78
Fair Value adjustments of financial liabilities	47.92	(19.73)	(5.64)	73.29	(53.18)	34.88	91.59
Other Non Current Assets	-	-	-	-	(51.55)	-	51.55
Sub Total	5,591.33	(300.46)	(5.64)	5,897.43	(108.37)	34.88	5,970.92

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

20 Deferred Tax (contd..)

(All amounts ₹ in lakhs, unless otherwise stated)							
Particulars	As at 31st March, 2018	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	As at 31st March, 2017	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income/Other Equity	As at 01st April, 2016
Deferred Tax Assets							
Fair Value adjustments of financial liabilities	-	(127.67)	-	127.67	(136.32)	-	263.99
Other Non Current Assets	4.35	(1.72)	-	6.07	5.45	-	0.62
Unused Tax Losses	26.94	26.94	-	-	-	-	-
Employee Benefits & Statutory Liabilities allowed on Payment Basis	294.12	46.86	18.45	228.81	(16.74)	12.60	232.95
MAT Credit entitlement	721.55	62.10	-	659.45	(358.37)	-	1,017.82
Sub Total	1,046.96	6.51	18.45	1,022.00	(505.98)	12.60	1,515.38
Net Deferred Tax Liability/(Asset)	4,544.37	(306.97)	(24.09)	4,875.43	397.61	22.28	4,455.54

21 Other non-current liabilities

(All amounts ₹ in lakhs, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Deferred Government Grant	32.82	39.39	-
Total	32.82	39.39	-

22 Short term Borrowings

(All amounts ₹ in lakhs, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
A. Secured (payable on demand)			
(a) State Bank of India			
Cash Credit	8,690.73	8,665.25	7,188.05
Packing Credit	-	177.63	624.80
SLC	1,292.58	1,396.04	1,499.67
(b) State Bank of India (Earlier SB of Hyderabad)	-	-	-
Cash Credit	1,011.35	819.26	680.80
Packing Credit	-	-	(0.79)
SLC	280.73	299.10	299.95
WCDL	-	-	750.00
(c) State Bank of India (Earlier SB of Mysore)	-	-	-
Cash Credit	1,292.19	1,101.28	1,419.50
STL	-	-	-
(d) State Bank of India (Earlier SB of Travancore)	-	-	-
Cash Credit	498.82	500.15	347.04
(e) Andhra Bank	-	-	-
Cash Credit	946.67	946.99	746.46
(f) IDBI Bank Ltd	-	-	-
Cash Credit	1,514.36	903.03	882.40
STL	-	450.00	850.00
(g) Lakshmi Vilas Bank Ltd	-	-	-
Cash Credit	1,475.04	605.12	-

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

22 Short term Borrowings (contd..)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
(h) Axis Bank Purchase Bill Discounting	1,967.82	477.81	
(i) Aditya Birla Finance Limited	274.28	133.17	
(J) HDFC Bank Ltd	50.00		
Total (a)	19,294.57	16,474.83	15,287.88
B. Unsecured			
From others (Payable within 6 months from date of receipt):			
i) Inter Corporate Deposits	625.00	500.00	500.00
From Others (unsecured)			
Bills Discounted	1,845.39	1,852.43	1,604.48
Total (b)	2,470.39	2,352.43	2,104.48
Total (a+b)	21,764.96	18,827.26	17,392.36

*State Bank of India (Earlier SB of Hyderabad) (Earlier SB of Mysore) (Earlier SB of Travancore)

a. Secured:

(i) Workcapital loans from (a) to (g) 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.

(ii) Commodity funding Purchase Bill discounting from Axis Bank is secured by pledge of stock of raw material, in the warehouse and further guaranteed by three Directors of the company in their personal capacities

b. Unsecured:

Loan from Directors and Inter corporate deposits are repayable on demand.

23 Trade payables

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Other than Micro, Small and Medium Enterprises	10,038.78	7,641.35	7,266.03
Total (a)	10,038.78	7,641.35	7,266.03

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

24 Other financial liabilities

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
i. Current maturities of long-term debt (Refer Note - 18)	2,626.15	5,307.54	4,510.51
ii. Interest accrued but not due	250.81	221.68	271.71
iii. Unpaid Dividend	16.66	18.84	16.15
iii. Dues to others	813.53	979.67	980.21
iv. Creditors for capital goods	248.91	280.87	143.18
v. Employee benefits payable	462.00	482.52	441.45
Total	4,418.06	7,291.12	6,363.21

25 Other current liabilities

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
i. Advances from customers	493.31	400.01	626.14
ii. Statutory remittances	196.00	234.83	217.51
Total	689.31	634.84	843.65

26 Current Tax Liabilities (Net)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Provision for Income tax (Net of Advance tax & TDS Receivable)	-	141.85	491.35
Total	-	141.85	491.35

27 Revenue from operations

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current year	Previous Year
(A) Sale of products (including Excise Duty)		
a. Yarn	36,691.31	39,103.27
b. Fabric	35,815.29	40,821.51
c. Power	3,407.62	4,281.16
d. Garment	7,483.20	6,787.50
e. Cotton (traded)	3,503.33	-
Less:		
Inter Division sale - Yarn	6,915.82	8,484.51
Inter Division sale - Fabric	2,209.21	2,625.47
Inter Division sale - Power	3,407.62	4,261.99
(B) Sale of Services		
a. Job Work	3.32	-
(C) Other Operating Revenue		
a. Sale of Waste	837.30	864.70
b. Export Benefit entitlement	797.47	1,182.12
c. Packing & Forwarding collection charges	5.66	7.37
d. Scrap Sales	46.68	33.67
Total	76,058.53	77,709.33

* Net of rejections and returns

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

28 Other Income

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
(A) Interest Income on		
a. Bank Deposits	92.09	77.13
(B) Other Non-operating Income (Net of Expenses)		
a. Rent Received	0.10	0.46
b. Provisions written back:		
i. Credit Balances written back	0.36	0.22
ii. Excess Provision written back	4.68	1.77
c. Gain on Foreign currency transaction & translation	89.74	3.18
d. Miscellaneous Receipts	143.34	33.50
e. Government Grant	6.56	6.56
Total	336.87	122.82

29 Raw materials consumed

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Opening Stock	3,283.57	3,132.26
Add: Purchases during the year	40,508.27	42,684.78
	43,791.84	45,817.04
Less: Value of Raw Materials sold	11.52	9.20
Less: Closing Stock	2,398.09	3,283.57
Total	41,382.23	42,524.27

Details of raw materials consumed

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Cotton	25,393.55	24,965.08
Yarn	2,338.72	2,545.31
Polyster Staple Fibre	10,402.67	12,217.06
Viscose Staple Fibre	2,603.88	2,734.48
Fabric	643.41	62.34
Total	41,382.23	42,524.27

30 Changes in inventories of finished goods and work-in-progress

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Opening Stock:		
Yarn	1,348.14	1,408.69
Fabric	3,095.30	2,983.74
Work-in-progress	7,327.06	5,034.91
Cotton Waste	16.80	32.63
Garments	340.46	193.81
Total	12,127.76	9,653.78

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

30 Changes in inventories of finished goods and work-in-progress (contd..)

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Less: Closing Stock:		
Yarn	1,827.43	1,348.14
Fabric	4,016.78	3,095.30
Work-in-progress	6,820.11	7,327.06
Cotton Waste	20.87	16.80
Garments	177.08	340.46
Total	12,862.27	12,127.76
(Increase)/ Decrease in stocks	(734.51)	(2,473.98)

31 Employee Benefits Expense

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Salaries and Wages	6,678.17	6,295.42
Contribution to provident and other funds	564.62	542.88
Gratuity, bonus and incentives	100.41	91.55
Staff welfare expenses	224.81	204.27
Total	7,568.01	7,134.12

32 Finance Costs

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Interest on Borrowings	3,383.46	3,304.21
Dividend on Preference Shares	79.70	78.87
Other Borrowing cost	434.56	372.39
Total	3,897.72	3,755.47

33 Other Expenses

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Consumption of stores & spare parts		
(i) Consumable Stores	1,385.73	1,691.21
(ii) Dyes and Chemicals	4,243.28	5,475.36
(iii) Packing Material Consumed	847.15	931.38
Power and fuel	-	-
(i) Electricity Charges	2,741.87	2,461.21
(ii) Fuel Consumed	3,666.32	4,101.59
Rent	42.89	37.67
Security Charges	39.03	40.93
Rates & taxes	312.50	1,010.59
Printing & Stationery	26.85	39.40
Postage, Telegrams & Telephones	52.43	55.07
Travelling & Conveyance	193.42	208.01

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

33 Other Expenses (contd..)

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Directors' Sitting fees & Travelling expenses	9.39	10.48
Advertisements	5.70	11.90
Expenses on Sales	1,373.89	1,409.37
Commission on Sales	359.52	440.06
Insurance	111.23	122.22
Legal & Professional Charges	106.16	119.16
Payments to auditors :	-	-
- As auditor	4.05	4.66
- for taxation matters	0.65	0.76
- for Certification	0.66	2.66
Repairs to :	-	-
- Buildings	53.97	60.01
- Machinery	1,102.64	1,053.10
- Other Assets	83.16	86.90
Vehicle Maintenance	57.39	57.46
Miscellaneous Expenses	866.22	922.22
Expenses on Corporate Social Responsibility	13.83	19.58
Donations	3.99	4.45
Bad debts and Debit Balances written off	144	0.33
Other Manufacturing expenses	281.22	240.24
Managerial remuneration	29.09	297.59
Diminution in value of Investments	-	-
Total	18,015.67	20,915.57

33.1. a) Contingent Liabilities and commitments not provided for in respect of

(All amounts ₹ in lakhs, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
(i) Against Foreign & Inland Letters of Credit	4152.41	940.83	1885.35
(ii) Against Bank Guarantees	1168.27	1576.84	1505.00
(iii) 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 and Central Excise, Nagpur. The Central Excise department had filed an appeal against the above order with CESTAT, Mumbai, which was dismissed. Commissioner of Central Excise, Service Tax and Customs, Nagpur-II, Commissionerate has filed appeal against order of CESTAT Mumbai with Hon'ble High Court of Judicature at Bombay Bench, at Nagpur	32.89	-	32.89
(iv) 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	28.82

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

33.1. a) Contingent Liabilities and commitments not provided for in respect of (contd..)

(All amounts ₹ in lakhs, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
(v) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh	61.49	61.49	61.49
(vi) 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
(vii) 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. The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has stayed the same limiting the cross subsidy to ₹0.30 per unit. The Company is of the opinion 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	235.04	166.08
(viii) Cases relating to Industrial disputes with workers pending at labour and Industrial Courts, Nagpur	40.68	-	-
(ix) Demand for Panchayat Tax raised by Gram Panchayat, Nagardhan, over and above Agreement, pending before Divisional Commissioner, Maharashtra State, Nagpur	23.87	-	-
(x) In the Summary Suit filed by the Company, against Rajvir Industries Ltd. the Company has initiated the execution proceedings to recover the balance outstanding in the books of the Company (₹236.93 lakhs) together with the interest as decreed by the City Civil Court, Secunderabad.			
(xi) 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.			
(xii) Rajvir Industries Ltd. had 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.			
(xiii) 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 and the Commissioner of Customs & Central Excise has confirmed the demand in			

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

the Show Cause Notice. The Company's appeal is pending before CESTAT, Mumbai. 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.

33.1. b)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
(i) Contracts to be executed on capital accounts	53.56	182.84	751.53

33.2. Upfront lease amount of ₹3,56,75,740/- and ₹2,42,35,600/- paid to Maharashtra Industrial Development Corporation (MIDC) towards factory land lease of Amravati Unit -1 (Spinning Unit) and Amravati Unit -2 (Weaving Unit) respectively, is amortized over the lease period of 95 years.

33.3. Foreign Exchange Earnings and Expenditure:

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current year (₹ in lakhs)	Previous Year (₹ in lakhs)
a) Value of Imports calculated on CIF basis		
i) Fixed Asset- Plant and Machinery	1.18	451.15
ii) Raw Materials	778.46	1,246.56
iii) Spares	1,707.75	2,330.79
Total (a)	2487.39	4,028.50
b) Expenditure in foreign currency on account of		
Interest	17.60	104.71
Principal repayment	349.84	1,451.35
Commission on Export Sales	233.89	205.00
Foreign Travel (Excluding tickets purchased in India)	19.87	24.35
Foreign Technical & Consultancy services	21.01	18.72
Others	41.94	79.51
Total (b)	684.15	1,883.64

c) The value of consumption of imported and indigenously obtained raw materials and spare parts and the percentage of each to the total consumption:

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)			
	Current year		Previous Year	
	(₹ in lakhs)		(₹ in lakhs)	
	Amount	%	Amount	%
Indigenous	43,904.18	96.23	46,125.86	91.12
Imported	1,721.33	3.77	4,496.36	8.88
Total	45,625.51	100.00	50,622.22	100.00

d) Earnings in foreign Exchange:

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current year (₹ in lakhs)	Previous Year (₹ in lakhs)
Export of goods calculated on F.O.B basis	15,656.37	14,736.33

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

33.4. The Dividend Distribution tax on the preference dividend payable on 5% Non Cumulative Redeemable Preference shares amounting to ₹10 lacs and on 10% Cumulative redeemable Preference shares amounting to ₹50 lacs will be ₹12.21 lacs.

33.5. 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 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. The Company's complaint in this matter is pending before National Consumer Disputes Redressal Commission (NCDRC), New Delhi.

33.6. Disclosures in accordance with Companies (India Accounting Standards) Rules, 2015 notified by the Central Government:

33.6.1. Capital Management

The company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings.

The company's policy is aimed at combination of short term and long-term borrowings. The company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Gearing Ratio

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
(a) Debt	36,206.87	31,651.66	34,594.76
(b) Cash & Cash Equivalents	104.29	219.38	470.51
(c) Net Debt (a) - (b)	36,102.58	31,432.28	34,124.25
(d) Total Equity	28,084.61	27,798.76	26,167.45
Net debt to equity ratio (c)/(d)	1.29	1.13	1.30

33.6.2. Income Taxes

(i) Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current year (₹)	Previous Year (₹)
(i) Tax expense recognized in Statement of Profit and loss		
Current Tax	63.44	720.72
Deferred Tax (including MAT Credit Entitlement)	(306.97)	397.61
Total	(243.53)	1,118.33
(ii) Effective tax Reconciliation		
(a) Profit/(loss) before tax	2,71.52	3,069.21
(b) Applicable tax rate	33.063%	34.608%
(c) Tax expense on Net profit (a*b)	89.77	1,062.19

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹)	(₹)
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	32.71	36.35
- Interest on Income tax	1.35	28.36
- Due to decrease in rate of tax	(367.36)	-
- Others	-	(8.57)
Total (d)	(333.30)	56.14
(e) Tax Expense as per Statement of Profit and loss (c+d)	(243.53)	1,118.33

33.6.3. Post-Employment Benefits

a. Contributions to Defined Contribution Plans

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹)	(₹)
Contribution to Provident and other funds	430.96	438.36
Contribution to Employee State Insurance	133.66	104.52
Total	564.62	542.88

b. Defined Benefit Plans

(i) Gratuity (funded)

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹ in lakhs)	(₹ in lakhs)
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	544.07	504.82
Interest cost	41.29	40.39
Current services cost	49.87	47.95
Benefits paid	(55.82)	(43.28)
Actuarial(gains)/losses on obligation	(13.58)	(5.81)
Closing defined benefit obligation	565.83	544.07
B Changes in Fair Value of Plan Assets		
Opening Fair value of plan assets	57.04	93.54
Adjustments to opening balance	(9.24)	
Expected Return	0.00	2.61
Contributions	10.00	10.00
Benefits paid	(55.82)	(43.28)
Premium expenses	Nil	(5.82)
Actuarial Gain/(loss)	2.17	Nil
Closing fair value of plan assets	4.15	57.04

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹ in lakhs)	(₹ in lakhs)
C Expenses recognized in statement of profit and loss		
Current Service Cost	49.87	47.95
Interest Cost on benefit obligation	41.29	40.39
Expected return on plan assets	0	(2.61)
Premium Expenses	(15.75)	5.82
Total	75.42	91.55
D Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	(13.58)	(5.81)
Return on plan assets (greater)/lesser than discount rate	(2.17)	-
Total	(15.75)	(5.81)
E Actuarial Assumptions		
Salary Escalation	10%	10%
Rate of Discounting	8%	8%
Attrition rate (Age related)	13.60%	13.60%
Mortality table	LIC (2006-08)	LIC (2006-08)
Expected rate of return on plan assets	0%	0%
Retirement age	58 years	58 years

F. Sensitivity Analysis

The financial results are sensitive to the actuarial assumptions. The changes to the Defined Benefit Obligations for increase/decrease of 1% from assumed salary escalation, withdrawal and discount rates are given below:

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	31st March, 2018	
	Increase	Decrease
Salary escalation	37.02	(33.73)
Attrition rate	(3.93)	4.30
Rate of Discounting	(32.11)	36.19

(ii) Leave Encashment (unfunded)

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹ in lakhs)	(₹ in lakhs)
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	123.00	108.31
Interest cost	7.71	8.67
Current services cost	5.69	4.38
Benefits paid	(53.31)	(40.56)
Actuarial(gains)/losses on obligation	72.62	42.21
Closing defined benefit obligation	155.71	123.01

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹ in lakhs)	(₹ in lakhs)
B Expenses recognized in statement of profit and loss		
Current Service Cost	5.69	4.38
Interest Cost on benefit obligation	7.71	8.67
Total	13.40	13.05
C Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	72.62	42.21
Total	72.62	42.21
D Actuarial Assumptions		
Salary escalation	10%	10%
Rate of Discounting	8%	8%
Attrition rate (Age related)	13.60%	13.60%
Mortality table	LIC (2006-08)	LIC (2006-08)
Retirement age	58 years	58 years

E. Sensitivity Analysis

The financial results are sensitive to the actuarial assumptions. The changes to the Defined Benefit Obligations for increase/decrease of 1% from assumed salary escalation, Attrition and discount rates are given below

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	31st March, 2018	
	Increase	Decrease
Salary escalation	5.98	(5.66)
Attrition rate	(0.24)	0.27
Rate of Discounting	(4.84)	5.24

33.6.4. Related Party Disclosures

(All amounts ₹ in lakhs, unless otherwise stated)	
Name of Related Parties	Nature of Relationship
a. Shri L N Agarwal (Chairman & Managing Director)	Key Management Personnel
b. Shri Paritosh K. Agarwal (Managing Director)	
c. Shri H L Ralhan (Director)	
d. Smt Padmini Agarwal (Whole time Director)	
e. Shri Surender Reddy (Director)	
f. Shri Navrang Lal Tibrewal (Director)	
g. Shri R.S. Agarwal (Director)	
h. Shri Dhruv Vijai Singh (Director)	
i. Dr. G. Vivekanand (Director)	
j. Shri A. Mallikarjun (Nominee Director, IDBI)	
k. Shri E. V. S. V. Sarma (Company Secretary)	
l. Shri P. S. Subramanyam	

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)	
Name of Related Parties	Nature of Relationship
m. Smt Sabita Jain	Relatives of Key Management Personnel
n. Late Satyabhama Bai	
o. Kum Aparna Agarwal	
p. L N Agarwal Family Trust	Enterprises over which key managerial personnel and their relatives have
q. M/s Suryalata Spinning Mills Ltd	
r. M/s Suryavanshi Spinning Mills Ltd	
s. M/s Aananda Lakshmi Spinning Mills Ltd	Significant influence
t. M/s Sheshadri Industries Ltd	
u. M/s Jayman Dealers Pvt Ltd	
v. M/s SVP Distributors Pvt. Ltd	
w. Shri L N Agarwal (HUF)	

(i) Transactions with Key Management Personnel

(All amounts ₹ in lakhs, unless otherwise stated)					
Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2018	Receivable/ (Payable) as on 31.03.2017	Receivable/ (Payable) as on 31.03.2017
Remuneration:					
Shri L N Agarwal	12.06	78.74	Nil	(4.50)	(2.20)
Shri Paritosh K. Agarwal	11.03	70.16	Nil	(3.35)	(1.55)
Shri H L Ralhan	Nil	31.61	Nil	Nil	(1.80)
Smt Padmini Agarwal	6.00	45.08	Nil	(0.02)	(1.96)
Shri E. V. S. V. Sarma	21.82	17.29			
Shri P. S. Subramanyam	22.67	16.51			
Interest:					
Shri L N Agarwal	60.27	67.66	Nil	(5.05)	(32.05)
Shri Paritosh K. Agarwal	84.59	75.68	(16.73)	(6.25)	(31.34)
Smt Padmini Agarwal	69.70	74.50	(21.93)	(5.94)	(21.04)
Commission:					
Shri L N Agarwal	Nil	38.00	Nil	(21.50)	(22.20)
Shri Paritosh K. Agarwal	Nil	34.00	Nil	(21.50)	(17.30)
Unsecured Loan:					
Shri L N Agarwal			(770.00)	(734.00)	(678.00)
Shri Paritosh K. Agarwal			(1064.00)	(788.00)	(700.00)
Smt Padmini Agarwal			(877.00)	(864.00)	(750.00)
Unsecured Loan (Interest Free):					
Shri L N Agarwal			-	-	(123.00)
Shri Paritosh K. Agarwal			-	-	(65.00)
Sitting Fees:					
Shri R. Surender Reddy	0.23	0.33			
Shri Navrang Lal Tibreval	0.23	0.33			
Shri R.S. Agarwal	0.30	0.33			
Shri A. Mallikarjun	0.30	0.25			
Shri Dhruv Vijai Singh	0.20	0.20			
Dr. G. Vivekanand	0.05	0.10			

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(ii) Transactions with Relatives of Key Management Personnel

(All amounts ₹ in lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2018	Receivable/ (Payable) as on 31.03.2017	Receivable/ (Payable) as on 31.03.2016
Rent:					
Smt Sabita Jain	9.90	8.40	(6.89)	(1.89)	(1.89)
Interest:					
Late Smt. Satyabhama Bai	Nil	9.56	Nil	(7.65)	
Kum Aparna Agarwal	1.08	0.70	(0.97)	(0.63)	
Unsecured Loans:					
Kum Aparna Agarwal			(12.00)	(12.00)	-
Late Smt. Satyabhama Bai			Nil	(154.00)	-

(iii) Transaction with Enterprises over which key management personnel have significant influence:

(All amounts ₹ in lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2018	Receivable/ (Payable) as on 31.03.2017	Receivable/ (Payable) as on 31.03.2016
Interest:					
Shri L N Agarwal (HUF)	0.65	0.42	(0.59)	(0.38)	-
L N Agarwal Family Trust	Nil	0.18			
M/s. Jayman Dealers Pvt Ltd	49.23	42.96	(44.31)	(38.66)	(24.34)
M/s.SVP Distributors Pvt. Ltd	26.03	17.40	(23.42)	(3.43)	(7.86)
Interest Received:					
M/s Suryavanshi Spinning Mills Ltd	2.70	2.70	8.99	6.56	4.34
M/s Aananda Lakshmi Spinning Mills Ltd	2.70	2.70	8.99	6.56	4.34
M/s Sheshadri Industries Ltd	2.70	2.70	8.99	6.56	4.34
Advance:					
M/s Suryavanshi Spinning Mills Ltd			16.67	16.67	16.67
M/s Aananda Lakshmi Spinning Mills Ltd			16.67	16.67	16.67
M/s Sheshadri Industries Ltd			16.67	16.67	16.67
Sales:					
M/s. Jayman Dealers Pvt Ltd	248.76	622.87	402.55	434.07	222.46
M/s Suryavanshi Spinning Mills Ltd			4.79	-	-
M/s Aananda Lakshmi Spinning Mills Ltd			-	4.79	-
M/s Suryajyothi Spinning Mills Ltd			8.81	-	-
Purchase of fabric:					
M/s. Jayman Dealers Pvt Ltd	0.10	Nil	(0.10)	Nil	Nil
Rent:					
M/s. Jayman Dealers Pvt Ltd	0.94	Nil	(0.24)	Nil	Nil
Deposits:					
M/s. Jayman Dealers Pvt Ltd			(585.00)	(465.00)	(515.00)
M/s.SVP Distributors Pvt. Ltd			(311.80)	(261.80)	(100.80)
FMS License:					
M/s Suryavanshi Spinning Mills Ltd			(7.08)	(7.08)	(7.08)
Unsecured Loans:					
L N Agarwal (HUF)			(7.25)	(7.25)	-

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

33.6.5. Earnings per share

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
(a) Profit/(loss) after tax (in ₹)	515.05	1950.88
(b) Number of shares outstanding (face value of ₹10 each)	1,66,72,290	1,66,72,290
(c) Earnings Per Share (in ₹)	3.09	11.70

33.6.6. Financial Instruments

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

Level 1 – Quoted prices in an active market:

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Level 2 – Valuation techniques with observable inputs:

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Valuation techniques with significant unobservable inputs:

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

Financial Assets & Financial Liabilities

(All amounts ₹ in lakhs, unless otherwise stated)							
Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
As at 31st March 2018							
Financial Assets							
Investments (Refer note below)			5.02	5.02	5		
Trade Receivables	17,733.72			17,733.72			
Cash and cash equivalents	104.29			104.29			
Bank balances other than (ii) above	864.32			864.32			
Loans	542.10			542.10			
Others	4,931.09			4,931.09			
Financial Liabilities							
Borrowings	36,206.87			36,206.87			
Trade Payables	10,038.78			10,038.78			
Others	4,418.07			4,418.07			
As at 31st March 2017							
Financial Assets							
Investments (Refer note below)			5.87	5.87	5.87		
Trade Receivables	13,093.63			13,093.63			
Cash and cash equivalents	219.38			219.38			

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
Bank balances other than (ii) above	144.78			144.78			
Loans	594.45			594.45			
Others	4,467.97			4,467.97			
Financial Liabilities							
Borrowings	31,651.66			31,651.66			
Trade Payables	7,641.36			7,641.36			
Others	7,291.12			7,291.12			
As at 01st April 2016							
Financial Assets							
Investments (Refer note below)			6.33	6.33	6.33		
Trade Receivables	13,684.43			13,684.43			
Cash and cash equivalents	470.51			470.51			
Bank balances other than (ii) above	172.87			172.87			
Loans	558.36			558.36			
Others	5,395.49			5,395.49			
Financial Liabilities							
Borrowings	34,594.76			34,594.76			
Trade Payables	7,266.03			7,266.03			
Others	6,363.21			6,363.21			

Note: Investments in equity instruments are measured at FVTOCI in accordance with paragraph 5.7.5 of Ind AS 109.

33.6.7. Financial Risk Management Objectives and Policies

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company has a risk management policy which not only covers the foreign exchange risks, but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management framework aims to:

1. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the company's business plan.
2. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives policies and processes for the management of these risks.

(i) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include investments in equity shares.

a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. Since the Company has only fixed interest-bearing debts, exposure to interest rate risk is minimal.

b. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

The Company has transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The following table demonstrates the sensitivity in the USD to the Indian Rupee with all other variables held constant. The impact on the company's profit before tax due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	Change in Rate	For the year ended 31st March, 2018	For the year ended 31st March, 2017
USD	+ 0.50%	(0.47)	(0.21)
	- 0.50%	0.47	0.21
EURO	+ 0.50%	Nil	(0.45)
	- 0.50%	Nil	0.45

c. Other price risk

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk arising mainly from investments in Equity shares recognized at FVTPL.

Sensitivity analysis of 1% change in price of security as on reporting date.

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)			
	Impact on Profit & Loss		Impact on OCI	
	2017-18	2016-17	2017-18	2016-17
Investment in Equity Shares (1% change in price)	Nil	Nil	0.50	0.59
Total	Nil	Nil	0.50	0.59

(ii) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable.

(iii) Liquidity Risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)					
Particulars	Total	On Demand	< 1 year	1 to 5 years	> 5 years
As at 31st March, 2018					
Borrowings – Non-Current	14441.93			13941.92	500.00
Borrowings – Current	21764.96	19020.29	2744.67		
Trade Payables	10038.78	10038.78			
Other financial liabilities	4418.07	1791.92	2626.15		
As at 31st March, 2017					
Borrowings – Non-Current	12824.40			12324.40	500.00
Borrowings – Current	18827.26	16341.66	2485.60		
Trade Payables	7641.35	7641.35			
Other financial liabilities	7291.12	1983.58	5307.54		
As at 01st April, 2016					
Borrowings – Non-Current	17202.39			16702.39	500.00
Borrowings – Current	17392.38	15287.90	2104.48		
Trade Payables	7266.03	7266.03			
Other financial liabilities	6363.21	1852.70	4510.51		

33.6.8. Operating Segments

Factors used to identify the reportable segments

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year (₹ in lakhs)	Previous Year (₹ in lakhs)
1. Segment Revenue		
Spinning	41,618.74	38,772.98
Denim	37,324.43	43,410.60
Power plant	3,504.59	4,282.00
Garment	7,549.57	6,862.68
Unallocated	38.02	26.99
Total	90,035.35	93,355.25
Less: Inter Segment Revenue	13,639.95	15,523.10
Total Revenue	76,395.40	77,832.15
2. Segment Results		
Spinning	2,858.98	1,558.96
Denim	864.31	4,422.78
Power plant	214.34	439.04
Garment	192.75	376.44
Unallocated	38.86	27.46
Total	4,169.24	6,824.68
Less: Interest	3,897.72	3,755.47
Profit before tax	271.52	3,069.21
3. Segment Assets		
Spinning	26,739.94	26,309.71
Denim	35,909.33	33,204.81
Power plant	12,461.04	12,647.62
Garment	6,683.25	6,122.54
Unallocated	3,156.77	2,611.20
Total	84,950.33	80,895.88

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
	(₹ in lakhs)	(₹ in lakhs)
4. Segment liabilities		
Spinning	20,565.75	20,276.44
Denim	16,665.54	13,063.59
Power plant	12,710.27	12,710.16
Garment	6,311.15	5,617.97
Unallocated	613.00	1,428.97
Total	56,865.71	53,097.13
5. Capital Expenditure		
Spinning	254.59	750.30
Denim	616.34	971.64
Power plant	16.28	52.90
Garment	1,457.93	17.18
Unallocated		
Total	2,345.14	1,792.02
6. Depreciation and Amortisation expense		
Spinning	1,010.03	1,117.24
Denim	1,270.70	1,331.08
Power plant	374.58	375.72
Garment	232.43	279.12
Unallocated		
Total	2,887.74	3,103.16

(a) Information about Products and Services

(All amounts ₹ in lakhs, unless otherwise stated)	
Particulars	Revenues
a. Yarn	29,778.81
b. Fabric	33,606.08
c. Garment	7,483.20
d. Cotton (traded)	3,503.33
e. Sale of Waste	837.30
f. Export Benefit entitlement	797.47
g. Packing & Forwarding collection charges	5.66
h. Scrap Sales	46.68
Total	76,058.53

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(b) Information about geographical areas

Geographical Location	(All amounts ₹ in lakhs, unless otherwise stated)	
	Revenues	Non Current Assets other than financial instruments and deferred tax assets
(A) Within India	60,180.26	41,127.45
(B) Outside India		
-Bangladesh	8,149.62	Nil
-Madagascar	2,511.36	Nil
-Guatemala	1,471.14	
-Others	3,746.15	
Total	76,058.53	41,127.45

(c) Information about major customers

Revenue from transactions with a single customer exceed 10% or more of entity revenues in case of 1 customer in Denim (Fabric) Division and 2 customers in Garments Division.

33.6.9. Dues to Micro, Small and Medium Enterprises

On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

33.6.10. Previous Year's figures have been reclassified, wherever necessary so as to conform with those of Current Year.

33.6.11. FIRST TIME ADOPTION OF IND AS

For all periods, up to and including the year ended 31st March 2017 the company has prepared its financial statements in accordance with generally accepted accounting principles and accounting standards notified under section 133 of the Companies Act 2013 read together with Rule 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP").

These financial statements for the year ended 31st March 2018 are the company's first annual Ind AS complied financial statements.

The company has prepared financial statements which comply with Ind AS applicable for period beginning on or after 01st April 2016 (transition date) as described in the accounting policies. This note explains the principal adjustment made by the company in restating its Balance Sheets as at 01st April 2016 & 31st March 2017 and Statement of Profit & Loss for the year ended 31st March 2017.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

(i) Business Combinations:

Ind AS 101 provides the option to apply Ind AS 103 – Business Combinations prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Hence, Business combinations occurring prior to the transition date have not been restated.

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

(ii) Deemed cost for property, plant & equipment and Intangible asset:

The Company has elected to continue with the Previous GAAP carrying value for all its property, plant and equipment and intangible assets and use that as deemed cost on the date of transition to Ind AS.

B. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates:

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets:

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

(iii) Government loans:

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

C. Transition to Ind AS – Reconciliations

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

- I. Reconciliation of Equity as at 1st April 2016
- II. A. Reconciliation of Equity as at 31st March 2017
B. Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017
- III. Adjustments to Statement of Cash Flows for the year ended 31st March 2017

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

Notes to reconciliation of financial statements as previously reported under Previous GAAP to Ind AS

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

Reconciliation of equity as at 01st April 2016

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note to first time adoption	Previous GAAP	Ind AS Impact	Ind AS
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	1,2,7	49,132.04	(7,010.69)	42,121.35
(b) Capital Work-in-progress	11	285.61	143.85	429.46
(c) Other Intangible assets		38.14	-	38.14
(d) Financial Assets		-	-	-
(i) Loans		501.45	-	501.45
(ii) Other financial assets		221.00	-	221.00
(e) Deferred Tax Assets (net)		-	-	-
(f) Other non-current assets	1,11	275.42	181.91	457.33
(2) Current assets				
(a) Inventories		15,632.23	-	15,632.23
(b) Financial Assets		-	-	-
(i) Investments		6.33	-	6.33
(ii) Trade Receivables		13,684.43	-	13,684.43
(iii) Cash and cash equivalents		470.51	-	470.51
(iv) Bank balances other than (ii) above		172.87	-	172.87
(v) Loans		56.91	-	56.91
(vi) Others		5,174.48	-	5,174.48
(c) Current Tax Assets (Net)		-	-	-
(d) Other current assets		1,924.45	-	1,924.45
Total Assets		87,575.87	(6,684.93)	80,890.94
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		1,844.53	-	1,844.53
(b) Other Equity		31,037.61	(6,714.69)	24,322.92
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings	2,3,4,8	17,523.88	(321.48)	17,202.40
(b) Provisions		465.06	-	465.06
(c) Deferred Tax Liability(net)	9	3,743.11	712.43	4,455.54
(d) Other non-current liabilities		-	-	-
(2) Current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings		17,392.36	-	17,392.36
(ii) Trade payables		-	-	-
- total outstanding dues of micro enterprises and small enterprises; and		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		7,266.03	-	7,266.03
(iii) Other financial liabilities	4	6,724.40	(361.19)	6,363.21
(b) Other current liabilities		843.65	-	843.65
(c) Provisions		243.89	-	243.89
(d) Current Tax Liabilities (Net)		491.35	-	491.35
Total Equity and Liabilities		87,575.87	(6,684.93)	80,890.94

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

Reconciliation of equity as at 31st March 2017

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note to first time adoption	Previous GAAP	Ind AS Impact	Ind AS
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	1,2,7	46,869.49	(6,059.48)	40,810.01
(b) Capital Work-in-progress	2,11	1,523.96	(5.98)	1,517.98
(c) Other Intangible assets		29.39	-	29.39
(d) Financial Assets		-	-	-
(i) Loans		544.47	-	544.47
(ii) Other financial assets		337.33	-	337.33
(e) Deferred Tax Assets (net)		-	-	-
(f) Other non-current assets	1	172.16	587.65	759.81
(2) Current assets				
(a) Inventories		17,755.51	-	17,755.51
(b) Financial Assets		-	-	-
(i) Investments		5.87	-	5.87
(ii) Trade Receivables		13,093.62	-	13,093.62
(iii) Cash and cash equivalents		219.38	-	219.38
(iv) Bank balances other than (ii) above		144.78	-	144.78
(v) Loans		49.98	-	49.98
(vi) Others		4,130.63	-	4,130.63
(c) Current Tax Assets (Net)		-	-	-
(d) Other current assets		1,497.12	-	1,497.12
Total Assets		86,373.69	(5,477.81)	80,895.88
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		1,844.53	-	1,844.53
(b) Other Equity		32,044.47	(6,090.24)	25,954.23
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings	2,3,4,8	13,119.67	(295.27)	12,824.40
(b) Provisions		552.99	-	552.99
(c) Deferred Tax Liability(net)	9	4,079.93	795.50	4,875.43
(d) Other non-current liabilities	3	-	39.39	39.39
(2) Current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings		18,827.26	-	18,827.26
(ii) Trade payables		-	-	-
- total outstanding dues of micro enterprises and small enterprises; and		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		7,641.35	-	7,641.35
(iii) Other financial liabilities	4	7,221.03	70.09	7,291.12
(b) Other current liabilities		634.84	-	634.84
(c) Provisions		268.49	-	268.49
(d) Current Tax Liabilities (Net)		139.13	2.72	141.85
Total Equity and Liabilities		86,373.69	(5,477.81)	80,895.88

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

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

(All amounts ₹ in lakhs, unless otherwise stated)				
Particulars	Note to first time adoption	Previous GAAP	Ind AS Impact	Ind AS
I. Revenue from operations		77,414.75	294.58	77,709.33
II. Other income		116.26	6.56	122.82
III. Total Revenue (I+II)		77,531.01	301.14	77,832.15
IV. Expenses				
(i) Cost of materials consumed		42,524.27	-	42,524.27
(ii) Changes in inventories of finished goods and work-in-progress		(2,473.98)	-	(2,473.98)
(iii) Employee benefits expense	6	7,170.53	(36.41)	7,134.12
(iv) Finance costs	2,3,4,8	3,506.47	249.00	3,755.47
(v) Depreciation and amortization expense	1,2,7	3,156.68	(53.50)	3,103.18
(vi) Other expenses	1,5,10	20,615.60	299.97	20,915.57
Total expenses		74,499.57	459.06	74,958.63
V. Profit / (Loss) before Exceptional Items (III-IV)		3,031.44	(157.92)	2,873.52
VI. Exceptional Items		210.08	(14.39)	195.69
VII. Profit / (Loss) before tax (V+ VI)		3,241.52	(172.31)	3,069.21
VIII. Tax expense:				
(1) Current tax		718.00	2.72	720.72
(2) Deferred tax	9	336.82	60.79	397.61
(3) Income tax of earlier year		-	-	-
IX. Profit / (Loss) after tax for the year (VII-VIII)		2,186.70	235.82	1,950.88
X. Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss	6,10	-	(36.87)	(36.87)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	9	-	12.60	12.60
B Items that will be reclassified to profit or loss		-	-	-
Other comprehensive income for the year (net of tax)		-	(24.27)	(24.27)
XI. Total Comprehensive Income for the period (IX+X)		2,186.70	260.09	1,926.61

Notes to Reconciliation of Financial Statements as previously reported under previous GAAP to Ind AS

(i) Due to Ind AS Adjustments

1. Lease hold land:

Under Previous GAAP leasehold lands were recognized as assets under PPE. As per Ind AS 17, the company has treated leasehold lands as operating leases and premium paid is considered as pre-paid lease rentals. Thereafter, amortization of prepaid lease rentals is charged to Profit and loss.

2. Borrowing cost (Upfront fees):

Under the previous GAAP the transactions costs relating to origination of term loans raised specifically for acquisition of items of Property, Plant & Equipment were capitalized.

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the proceeds of borrowings on initial recognition. These costs are treated as part of the interest expense by applying the effective interest

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

method.

Hence upfront fees capitalized under Previous GAAP is reversed and reduced from term loan (financial liability). Interest (calculated using effective interest method) upto date of addition is capitalized and after the date of addition, it is charged to Profit and loss account as part of finance cost.

3. Fair valuation of financial liability (sales tax deferment):

Under previous GAAP, the sales tax deferral incentive, which is sales tax collected and repayable after a fixed tenure was recognized at cost. Under Ind AS, sales tax deferment is a financial liability classified as subsequently measured at amortized cost. Hence it is to be measured at fair value and the difference between transaction value and fair value is to be recognized as Government grant. The Company has availed mandatory exception under Ind AS 101 and accordingly, there is no change in accounting treatment on the amount carried forward on the date of transition.

After transition date, the difference between transaction value and fair value has been recognized as Government grant in Balance Sheet. The Government grant has been recognized in the Statement of Profit and Loss on a straight-line basis over the period of grant and unwinding of interest on fair value of sales tax deferment liability has been recognized as finance cost.

4. Preference Shares:

Under Previous GAAP, Preference share capital is treated as part of Share Capital and dividend on redeemable preference shares were adjusted to Reserves when the dividend is declared and paid.

As per Ind AS, cumulative redeemable preference shares meet the definition of financial liability. Hence it is reclassified as financial liability (borrowings) classified as subsequently measured at amortised cost. Consequently, it is to be measured at fair value and the difference between transaction value and fair value is to be credited to Other Equity. Interest (Dividend) is to be charged to the statement of Profit and Loss using Effective Interest Rate (EIR).

5. Excise duty:

Under the previous GAAP, revenue from sale of products was presented net of excise duty. Excise duty is collected by the company on its own account and hence as per Ind AS, revenue from sale of goods is presented inclusive of excise duty. There is no impact on the total equity and profit.

6. Remeasurement of Defined Benefit Plans:

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss.

Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

7. Revaluation Reserve:

On adoption of Ind AS, the company has elected to continue the previous GAAP carrying values of Property, Plant & Equipment and use those amounts as deemed cost. Hence, Revaluation Reserve created under previous GAAP is reversed and reduced from carrying amount of Property, Plant & Equipment.

8. Unsecured Loans from Directors

As per Ind AS, Unsecured Loan from Directors meet the definition of financial liability. Hence it is reclassified as financial liability (borrowings) classified as subsequently measured at amortised cost. Consequently, it is to be measured at fair value

Notes forming part of the Financial Statements

for the year ended 31st March, 2018

and the difference between transaction value and fair value is to be credited to Other Equity. Interest (Dividend) is to be charged to the statement of Profit and Loss using Effective Interest Rate (EIR).

9. Deferred Tax:

Deferred tax is created on all the temporary differences arising on adjustments arising on adoption of Ind AS.

10. Investments in Equity Shares

Under Previous GAAP, Investment in Equity shares are treated as current investments and shown at lower of cost and fair value.

As per Ind AS, Investments in Equity Instruments are carried at fair value (through Other Comprehensive Income) and resultant fair value changes are recognized in Other Comprehensive Income.

(ii) Due to Errors made under Previous GAAP

11. Preliminary, Product Development and Trial Run Expenditure

As per Previous GAAP, Preliminary and Product Development expenses are to be charged off to the statement of Profit and loss in the year in which they were incurred and trial run expenditure is to be capitalized along with cost of the item of Property, plant and equipment. Erroneously, these were treated amortised to the statement of Profit and loss and unamortised portion is shown under other Non-Current assets. On adoption of Ind AS, the error is rectified.

34 Exceptional Items

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Profit/(loss) on sale of assets	38.33	(1.59)
Transition Credit of Finished & Process Stocks under GST regime	153.39	-
Insurance claim for loss of profits received	-	197.28
Excess provision written off	24.12	-
Total	215.84	195.69

35 Items that will not be reclassified to profit or loss

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current year	Previous Year
Remeasurements of defined benefit plans	(56.87)	(36.40)
Equity Instruments through Other Comprehensive Income	(0.85)	(0.46)
Total	(57.72)	(36.86)



SURYALAKSHMI COTTON MILLS LIMITED

Registered Office: 105, 6th Floor, Surya Towers, S.P. Road, Secunderabad 500 003.

(CIN: L17120TG1962PLC000923)

Website: www.suryalakshmi.com Email: slcmltd@suryalakshmi.com

Ph.no.: 040-30571600, 27819856, Fax: 040-27846854

Notice

NOTICE is hereby given that the 55th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, 29th September, 2018 at 10.30 A.M. at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003 to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2018 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on 5% Non-Cum, Preference Shares of the Company for the year ended 31st March, 2018.
3. To declare dividend on 10% Cum, Preference Shares of the Company for the year ended 31st March, 2018.
4. To appoint a Director in place of Smt. Padmini Agarwal, Wholetime Director (DIN.01652449) who retires by rotation and who, being eligible, offers herself for re-appointment.

Item No.5: To consider, and if thought fit, to pass the following resolution with or without modification(s) as a SPECIAL RESOLUTION:

"RESOLVED THAT the Company do hereby approve and ratify in terms of Section 180 and other applicable provisions if any, of the Companies Act, 2013, the mortgaging / charging by the Board of Directors of the Company (hereinafter referred to as Board) of immovable properties of the Company situated at Survey Nos.1424, 1425 & 1426, Amanagal Village, Amanagallu, Telangana, Survey Nos.981 & 982, Village Nagardhan, Tehsil Ramtek, Dist. Nagpur, Maharashtra, Flat No.'F' Block in Surya Towers, Secunderabad, Telangana AND Survey Nos.266,

267, 268, 269, 271, 272 & 273, Nasrullabad Village, Jadcherla Mandal, Mahabubnagar, Telangana in favour of State Bank of India (SBI), IDBI Bank Limited (IDBI), Andhra Bank (AB), Lakshmi Vilas Bank Limited (LVB) and EXIM Bank of India (EXIM) to secure the Term Loans of ₹19106 lakhs and US\$ 9 mn. on FIRST CHARGE paripassu basis and ₹26575 lakhs of working capital facilities on SECOND CHARGE paripassu basis with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s) entered into by the Company.

"RESOLVED FURTHER THAT the Company do hereby confirm and ratify the execution of the documents for creation of aforesaid mortgage / charge."

Item No. 6: To consider, and if thought fit, to pass the following resolution with or without modification(s) as an ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby approve in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of ₹70,000/- (Rupees Seventy Thousand only) plus out of pocket expenses payable to M/s Aruna Prasad & Co., (Firm Registration No. 100883), Cost Accountants for the cost audit to be conducted by them of the cost records of the Company for the financial year 2018-19:

By Order of the Board of Directors
for **SURYALAKSHMI COTTON MILLS LIMITED**

Place: Secunderabad
Date : 19th May, 2018

E.V.S.V. SARMA
COMPANY SECRETARY

Notes:

1. The register of members and share transfer books will be closed from Saturday 22nd September, 2018 to Saturday 29th September, 2018 (both days inclusive) for the purpose of Annual General Meeting.
2. A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.

A member holding more than 10% of the total share capital may appoint a single person as Proxy and such

person shall not act as Proxy for any other person or shareholder.

3. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. (i) Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them:

Year	DATE OF DECLARATION	DUE FOR TRANSFER ON
2010-11	29/09/2011	05/11/2018
2011-12	29/09/2012	05/11/2019
2012-13	28/09/2013	04/11/2020
2013-14	04/08/2014	10/09/2021
2014-15	29/07/2015	04/09/2022
2015-16	28/07/2016	03/09/2023
2016-17	28/08/2017	03/10/2024

Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered Office of the Company.

The details of unpaid and unclaimed dividend warrants lying with the Company as on date of last AGM, i.e. 28/08/2017 are available on the Company's website (www.suryalakshmi.com) as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in).

- (ii) Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") every year all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF suspense account after complying with the procedure laid down under the "Rules".

Accordingly, the Company has already transferred to IEPF Authority, the shares in respect of which Dividend has not been claimed from 2009-10 in compliance with the aforesaid "Rules".

Members are requested to take note of the aforesaid newly notified sections of the Companies Act, 2013 and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF.

The shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

6. Pursuant to Section 108 of the Companies Act, 2013 read with relevant Rules under the Act, the Company is pleased

to provide the facility to the Members to exercise their right to vote through electronic voting. The members who have not cast their vote by remote e-voting shall be able to vote at the Annual General Meeting.

7. The members whose names appear on the Register of Members/ list of beneficial owners as on 21st September, 2018 are eligible to participate in e-voting on the resolutions set forth in this notice.
8. The Companies (Management and Administration) Rules, 2014 provide that the electronic voting period shall close at 5:00 PM, on the date preceding the AGM. Accordingly, the e-voting will be available at the <https://evoting.karvy.com>. The remote e-voting period will commence at 9:00 A.M. (IST) on 25th September, 2018 and will end at 5:00 P.M. (IST) on 28th September, 2018. The remote e-voting will not be allowed beyond the aforesaid period and time, and the remote e-voting module shall be disabled by M/s Karvy Computershare Private Limited, the agency engaged by the company to provide e-voting facility.
9. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 21st September, 2018.
10. The member(s) who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.

11. In order to enable its members, who do not have access to remote e-voting facility, to send their assent or dissent in writing in respect of the resolutions set forth in the Notice, the Company is enclosing a Ballot form with the Notice. Resolution (s) passed by the members through ballot forms, remote e-voting and voting at the AGM are deemed to have been passed at the AGM. Detailed instructions are printed on the Ballot Form for using the same.
12. The Company has appointed Mr. K.V.Chalama Reddy, Company Secretary in Practice, Hyderabad to act as Scrutinizer to scrutinize the poll at the Annual General Meeting, remote e-voting process and through ballot form in a fair and transparent manner.
13. The Login ID and Password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail ids with the Company/their respective Depository Participant along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company/their respective Depository Participant are being forwarded the login ID and password for e-voting along with process, manner and instruction by e-mail.
14. The Companies Act, 2013 provides for the facility of nomination to the members in a Company. Accordingly, members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to Registered Office of the Company. The forms are available at the Registered Office.
15. The shares of the Company continue to be listed on the BSE Ltd and on the National Stock Exchange and the Company have paid upto date all the listing fees to these exchanges.
16. Members are requested to notify immediately any change in their addresses to the Company
17. The members are requested to bring their copy of the Annual Report with them at the time of attending Annual General Meeting.
18. A route map showing directions to reach the venue of the 55th AGM is given at the end of the Notice.

Statement annexed to the Notice pursuant to section 102 of the Companies Act, 2013

Item No.4 – Reappointment of Smt. Padmini Agarwal, Whole-time Director.

Smt. Padmini Agarwal (DIN : 01652449) will retire at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Smt. Padmini Agarwal (DIN : 01652449) w/o Sri Paritosh Agarwal, Managing Director, aged 41 years, is a graduate and appointed as Wholetime Director for a period of 5 years

w.e.f. 27th May, 2014 to 26th May, 2019. She has been actively involved in managing day-to-day operations and marketing of the Garments division.

No. of shares held by Smt. Padmini Agarwal as on 31st March, 2018 in the Company – 971815

Names of the companies in which she is a Director : NIL

Sri L.N.Agarwal, Sri Paritosh K.Agarwal and Smt. Padmini Agarwal are interested in this matter.

No other Director / Key Managerial Personnel / their relatives are interested in the resolution.

The Board recommends this item for members' approval.

Item No.5 – Ratification of Approval of Mortgage

Under the various agreements entered into with the Company's Bankers for financial assistance, the Company is required to mortgage all its immovable properties present and future to the Bankers as security for the various credit facilities sanctioned by them.

In view of the urgency of the matter, the Company has in the recent past mortgaged properties listed out in the resolution in favour of the term lenders on First Charge paripassu basis and in favour of working capital bankers on Second Charge paripassu basis. The resolution seeks to ratify and approve the action of the Company in mortgaging these properties.

The Board recommends this resolution for the members' approval.

None of the Directors / Key Managerial Personnel / their relatives of the Company is interested in these resolutions.

Item No.6 – Ratification of the remuneration of Cost Auditor

Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditors) Rules, 2014 provides for the appointment and the remuneration of the Cost Auditor for the audit of the cost records of the company by the Board and the remuneration of the Cost Auditor is to be ratified by the members of the company. The appointment of M/S. Aruna Prasad & Co., has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2018–19 on a remuneration of ₹70,000/- plus out of pocket expenses. The ratification by the members to this remuneration is being sought in this resolution. The Board recommends the resolution for the approval of the members.

None of the Directors / Key Managerial Personnel / their relatives of the Company is interested in this resolution.

By Order of the Board of Directors
for **SURYALAKSHMI COTTON MILLS LIMITED**

Place: Secunderabad
Date : 19th May, 2018

E.V.S.V. SARMA
COMPANY SECRETARY

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SURYALAKSHMI COTTON MILLS LIMITED

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(CIN: L17120TG1962PLC000923)

Website: www.suryalakshmi.com **Email:** slcmtd@suryalakshmi.com
Ph.no.: 040-30571600, 27819856, **Fax:** 040-27846854

Attendance Slip

I / We hereby record my / our presence at the Annual General Meeting of the Company held on Saturday, 29th September, 2018 at 10.30 A.M. at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
	DP ID	CLIENT ID	
NAME OF THE MEMBER / JOINT MEMBER(S) (IN BLOCK CAPITALS):			

Please complete the attendance slip and hand over at the entrance of the meeting.

Signature of the member/
Joint member(s) / proxy



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Proxy

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

Name of the member(s):	
Registered Address:	
Email ID:	
Folio No / Client ID:	
DP ID:	

I/We, being the member(s) of.....shares of the above named company, hereby appoint

1. Name:
Address :
Email ID :
Signature :, or failing him/her
2. Name:
Address :
Email ID :
Signature :, or failing him/her
3. Name:
Address :
Email ID :
Signature :

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the company, to be held on Saturday, 29th September, 2018 at 10.30 A.M. at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

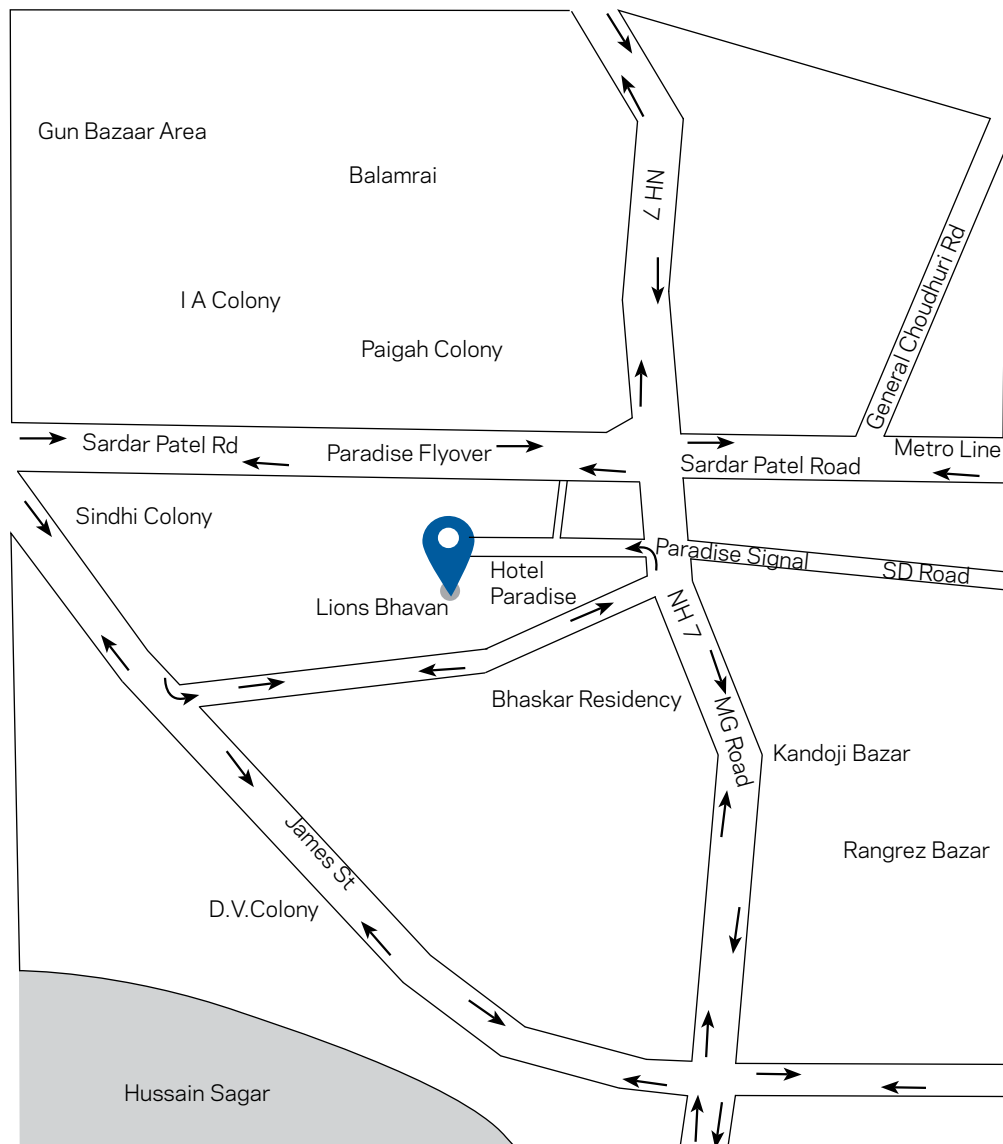
Signature of Proxy Holder(s):

Signature of Proxy Holder(s):

AFFIX
REVENUE
STAMP
₹/-

Sl. No.	Particulars	FOR	AGAINST
1.	To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2018 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.		
2.	To declare dividend on 5% Non-Cum, Preference Shares of the Company for the year ended 31st March, 2018.		
3.	To declare dividend on 10% Cum, Preference Shares of the Company for the year ended 31st March, 2018.		
4.	Reappointment of Smt. Padmini Agarwal, Director liable to retire by rotation.		
5.	Ratification and Approval of Mortgage		
6.	To ratify the remuneration of Cost Auditor.		

55th Annual Genaral Metting. Venue - Route MAP



ATTENTION SHAREHOLDERS !!

Reg.: 1. Mandatory updation of PAN and Bank details against your holding

2. Request for dematerializing the shares held by you

Pursuant to SEBI circular dated 20th April, 2018, shareholders whose ledger folios do not have or having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the RTA/to the company for registration in the folio.

ACTION REQUIRED FROM YOU

You are requested to submit the following to update the records.

- Enclosed format duly filled in and signed by all the shareholders
- Self-attested copy of Pan Card of all the holders
- Cancelled Cheque leaf with name (if name is not printed, self-attested copy of the pass book first page)
- Address proof (self-attested Aadhaar-card)

Please note that Securities and Exchange Board of India (SEBI) vide its circular dated June 8, 2018 amended SEBI (LODR) Regulations effective from December 5, 2018 (i.e., the 180th day of the notification date) by which it has been mandated that **“transfer of securities shall not be processed unless they are held in the dematerialized form with a depository”**

In this regard, we advise you to get your shares dematerialized, if held in physical form, at the earliest possible, as after 5th December, 2018, no transfer of shares held in physical form will be processed. You may write to us at our e-mail id: einward.ris@karvy.com to know the detailed procedure for dematerialization of the shares

Note: In case you have already updated PAN / BANK details please ignore this.

For any queries or any assistance in this regard, please contact;

Suryalakshmi Cotton Mills Limited 6th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500 003. Ph: 040-30571600 / 27819857 Email : cs@suryalakshmi.com	M/s Karvy Computershare Pvt. Ltd. Unit : Suryalakshmi Cottton Mills Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Toll Free No.: 1800-3454-001 Email : einward.ris@karvy.com
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National ECS / Electronic Clearing Service (ECS) for Payment of Dividend

To the shareholders,

The Company has introduced NECS / Electronic clearing Service (ECS) for payment of dividend. This would facilitate shareholders to obtain the dividend electronically and the payment would consequently be faster and loss of dividend instrument in postal transit would be eliminated.

Under this method, the Company would issue payment instructions to the Clearing House of Reserve Bank of India through the bankers of the Company. The clearing House would furnish to the service branches of the destination banks branch wise credit reports indicating the beneficiary details such as names of the branches where the accounts are maintained, the names of the beneficiaries account type, account numbers and the respective amounts. The service branch would in turn pass on the advices to the concerned branches of their bank, which would credit the beneficiary's accounts on the appointed date. An advice of remittance would be sent by the Company to the shareholders opting for electronic transfer.

Considering the benefits derived in NECS/ECS for payment of dividend, shareholders are advised to avail this facility. Securities & Exchange Board of India and the Department of Company Affairs, Government of India, have made it mandatory on the part of the companies to offer NECS/ECS facility, wherever the said facility is available.

Presently, NECS/ECS facility is available at sixteen centres of the Reserve Bank of India viz., Ahmedabad, Bangalore, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. This facility is available only for payment upto a maximum amount of ₹5 lacs.

Shareholders holding shares in physical form wishing to participate in this scheme may please fill in the NECS/ECS Mandate Form printed overleaf in legible English, sign and return the same to the Company immediately at its Registered Office /Registrar & Transfer Agent. Please note that the information provided by you should be accurate and complete in all respects and duly certified by your bankers. In lieu of the bank certification, you may attach a blank cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the NECS/ECS Mandate Form.

The shareholders holding shares in electronic form in the depository system are requested to forward the NECS/ECS particulars to their depository participant for incorporation in their records. The depository would forward the required information to the Company at the time of payment of Dividend.

In case you require any clarification /assistance, please feel free to contact the Company.

E.V.S.V.SARMA
COMPANY SECRETARY



SURYALAKSHMI COTTON MILLS LIMITED

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ECS Mandate

Suryalakshmi Cotton Mills Limited

Name of the first / sole shareholder :
Ledger folio No. / Client ID :

Particulars of bank account of first / sole shareholder

Name of the Bank :
Name of the Branch :
Bank Branch Address :
9 digit code number of the Bank and Branch
as appearing on the MICR cheque issued by the Bank :
Type of Account ☐ Savings ☐ Current ☐ Cash Credit
Account No. (as appearing on the Cheque Book) :
Ledger No. /Ledger Folio No. (If appearing on the
Cheque Book / Pass Book) :

In lieu of the bank certificates to be obtained as under, please attach a blank cancelled cheque or a photocopy of a cheque issued to you by your Banker, for verification of the particulars provided herein.

Effective Date

I hereby, declare that the particulars given above are correct and complete. I undertake to inform you promptly any subsequent changes in the above particulars. If the payment transaction is delayed or not effected at all for reasons of incomplete or incorrect information or beyond the control of the Company, I will not hold Suryalakshmi Cotton Mills Limited responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the Scheme.

Place :

Signature of the shareholder*

*

(*as per specimen signature)

BANKERS' CERTIFICATION

Certified that the particulars furnished above are correct as per our records.

Notes

[illegible]

Notes

[illegible]

Disclaimer

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



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