



# Innovative Craftsmanship: Driving Profitability.

Suryalakshmi Cotton Mills Limited  
Annual Report 2015-16

**Disclaimer**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. 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.

# 1

## CHAPTER ONE

### CORPORATE OVERVIEW

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AT A GLANCE FY15-16

Revenue (in ₹ Lakhs)

**77,314.84**

EBIDTA (in ₹ Lakhs)

**11,007.59**

PBT (in ₹ Lakhs)

**44,44.15**

Networth (in ₹ Lakhs)

**26,195.58\***

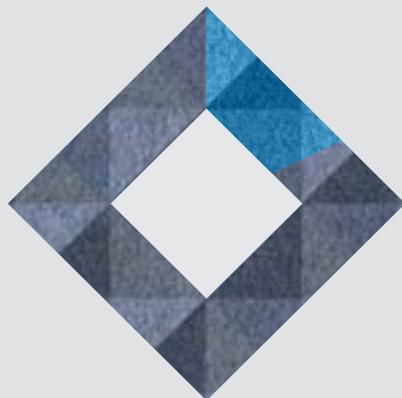
\*Excluding revaluation reserve

Gross Block (in ₹ Lakhs)

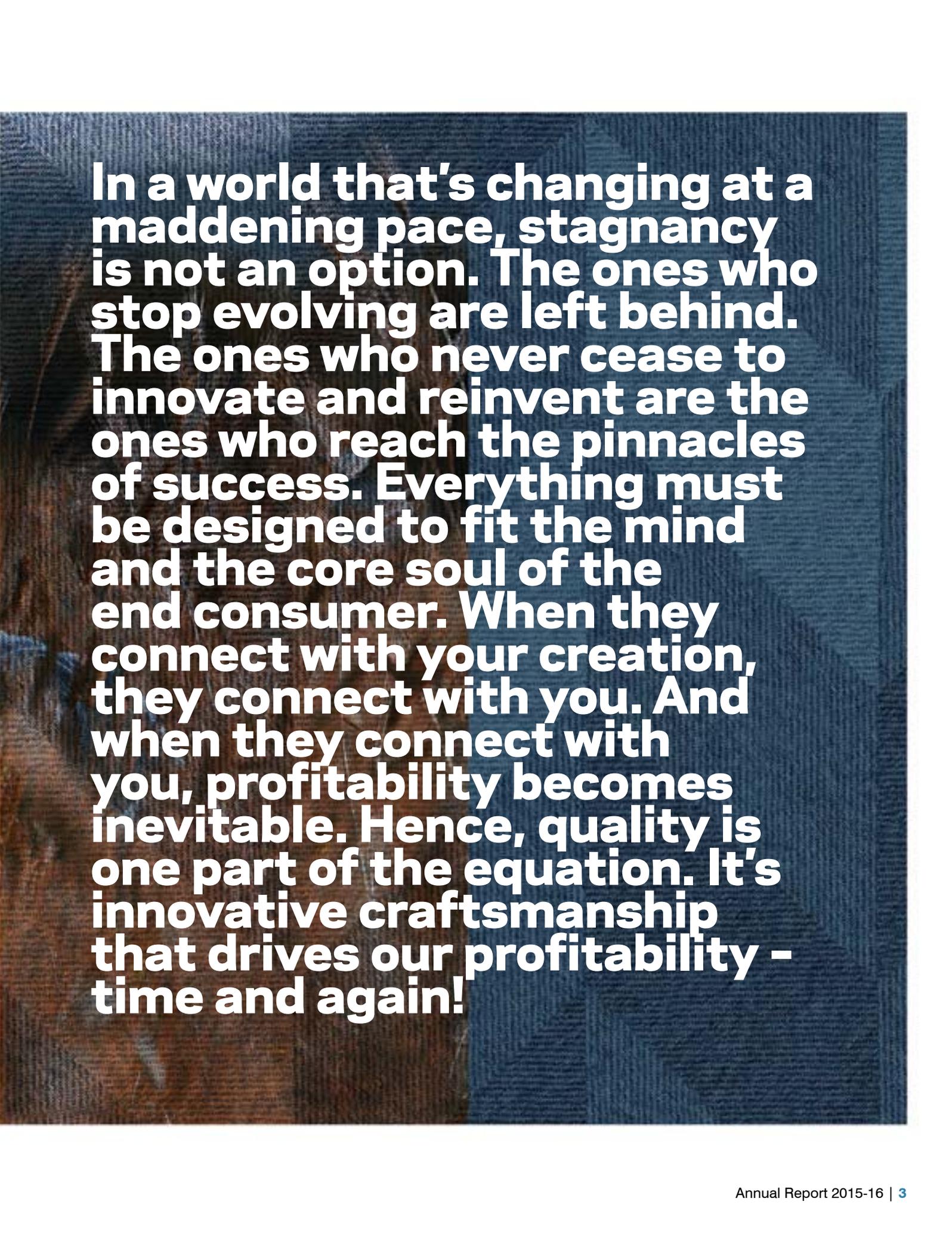
**91,358.02\***

\*Including revaluation reserve

- ◆ International market ₹ 13,918.38 Lakhs (18.32%)
- ◆ Domestic market ₹ 62,061.42 Lakhs (81.68%)







**In a world that's changing at a maddening pace, stagnancy is not an option. The ones who stop evolving are left behind. The ones who never cease to innovate and reinvent are the ones who reach the pinnacles of success. Everything must be designed to fit the mind and the core soul of the end consumer. When they connect with your creation, they connect with you. And when they connect with you, profitability becomes inevitable. Hence, quality is one part of the equation. It's innovative craftsmanship that drives our profitability - time and again!**



# Among Top 5 ODM in India

In the early 1960s, Suryalakshmi Cotton Mills was established as a manufacturer of world-class cotton yarn. Over the years we have diversified ourselves as an integrated company, moving up the value chain with fabric, garments and power division. Today, with expanded capacities, operational efficiencies, value-added products, prudent product mix, financial sustainability and visionary management we have emerged among the country's leading denim manufacturers.

From yarn to denim fabric to denim garments - we are vertically integrated, which helps us produce the finest of yarns for the best of garments. Being the country's 'Original Denim Manufacturer', today we are the leading supplier to some of the leading domestic and international brands. We work with more than 20 global fashion brands across 27 countries.

In five decades of its existence, Suryalakshmi has worked in a dynamic environment, observing both rise and decline in the Indian economy. However, we have emerged stronger and have evolved with each passing year. We expanded our product range, upgraded our technology and hired the best of talents to navigate the rough times and understand the changing consumer trends.

## **#Get to know us**

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## **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 Value System**

### **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.

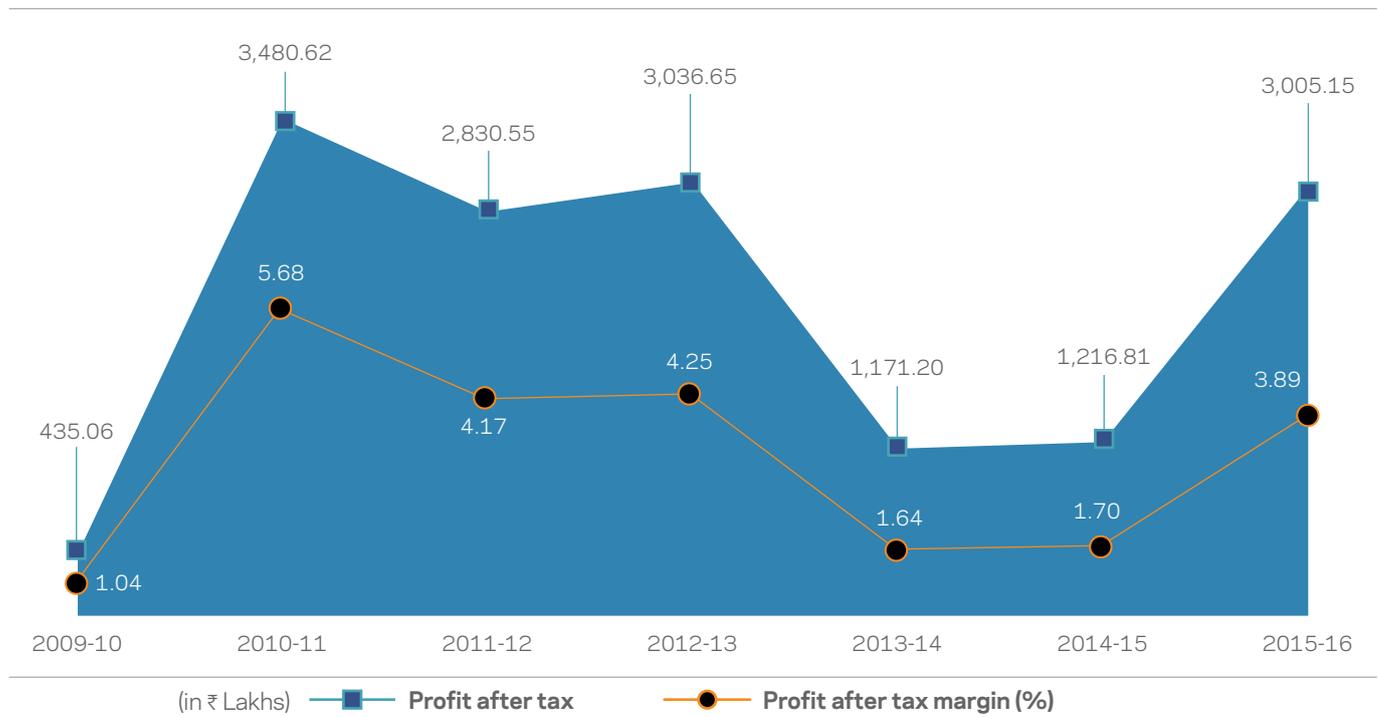
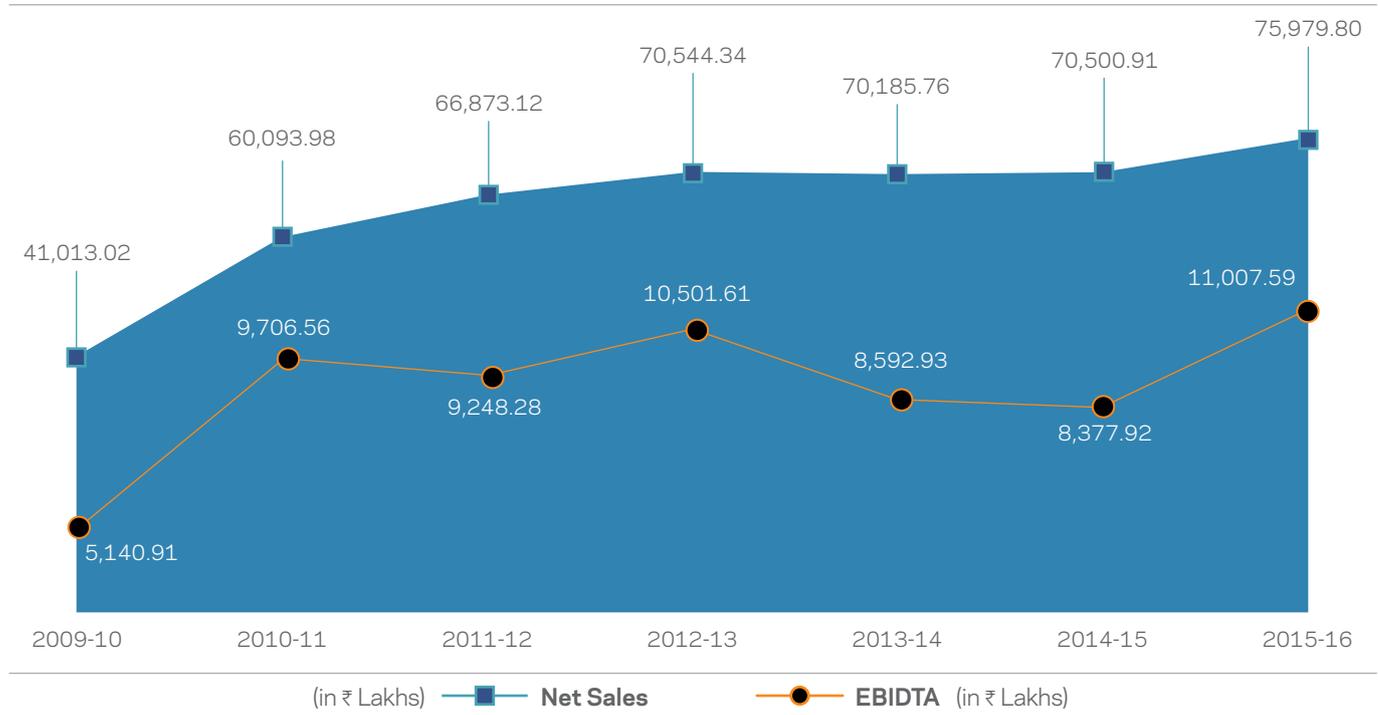
## **People Welfare**

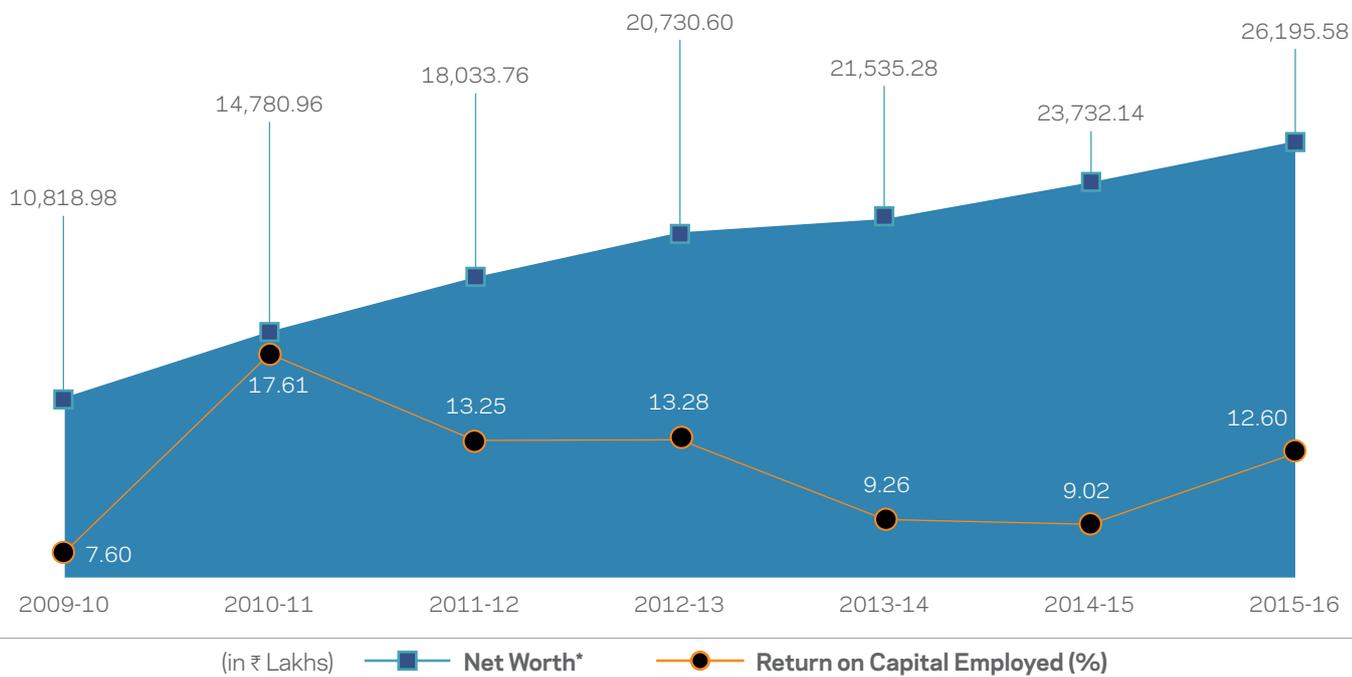
We exercise global standards of worker and human resource welfare to create an efficient, healthy, happy and satisfied workforce.

## **#Know us**

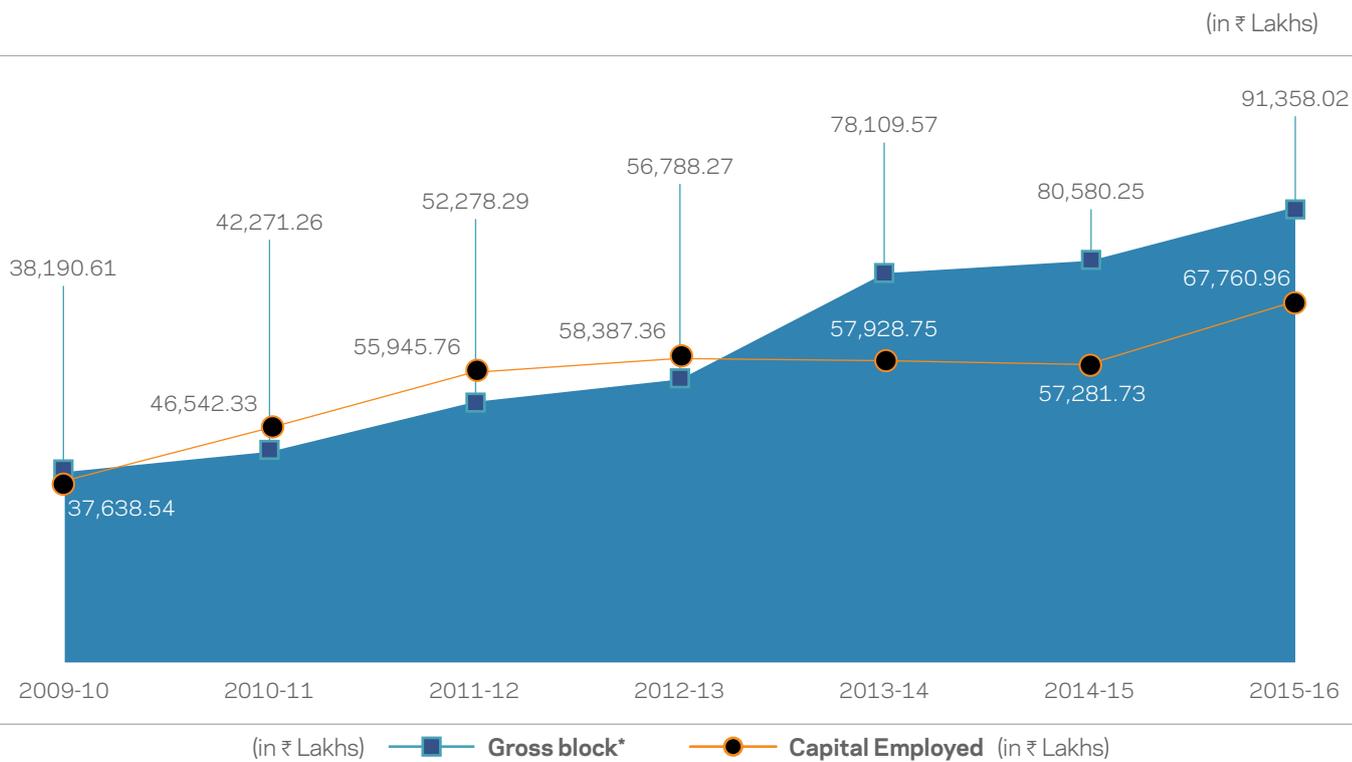


## KEY PERFORMANCE INDICATORS



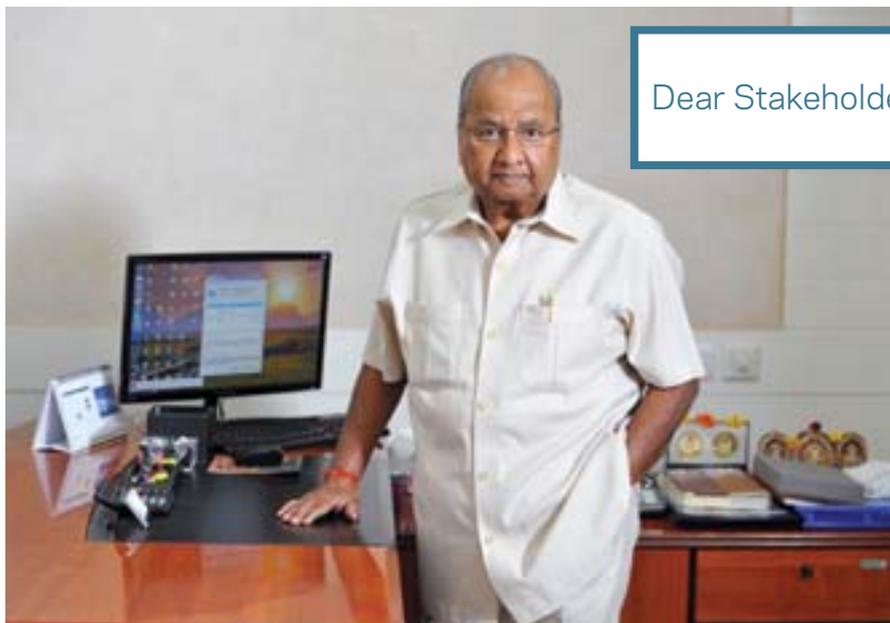


\*Excluding revaluation reserve



\* Including revaluation reserve & Capital work in Progress

## A WORD FROM THE CHAIRMAN & MANAGING DIRECTOR



Dear Stakeholders,

The year 2015-16 was another year of substantial progress for us. In a volatile economic environment, we recorded solid operating and financial performances. The results once again reaffirm the relevance of our integrated business model, our well-balanced geographic profile, our strong client portfolio and our core competencies.

### REVENUE (IN LAKHS)

₹ **77,314.84**

### EBIDTA (IN LAKHS)

₹ **11,007.59**

The Indian economy has shown resilience amidst the challenging and volatile global downturns, and has emerged as the fastest growing economy of the world (growing by more than 7% in HY15-16). As the world observes the performance of USD 2 trillion economy (at current prices), India stands firmly to continue its growth trajectory beyond the 7% level.

The country's macro-economic condition witnessed an upswing, with investment signs picking up due to an increase in the public sector expenditure and upturn in the capital replacement cycle. Considering this, the textile sector continues to play a significant role in the country's industrial production, GDP growth, export earnings and employment generation.

### Business Sentiments

Our operations are spread across diverse growth markets, driven by strong consumer and socio-demographic trends. We believe denim shall continue to grow strong, beyond the volatility of economies. The

emergence of the youth and new generation as the prime consumers, has helped the market move at a brisk pace. In the last five years, the domestic market for denim has grown at a CAGR of over 15%. In fact, the last couple of years have been quite remarkable for the industry as the demand witnessed a real upsurge both on the domestic and exports market.

### Financial Highlights

As our strategies take shape in reality, we have been witnessing a financial turnaround since the past couple of years. Strengthening our business economic structure has

helped us record a turnover of ₹77314.84 Lakhs in FY15-16 (against ₹ 71555.94 Lakhs in the previous year). Our EBIDTA margin has also improved by 253 basis points from 11.71% in previous year to 14.24% today. Post our recent capital expenditure, we have strengthened the balance sheet, increasing our overall networth levels to ₹ 26195.58 Lakhs from ₹ 14780.96 Lakhs in FY10-11 (excluding revaluation reserve). This financial discipline has helped us reward our shareholders, where we have recorded our EPS at ₹ 17.59, maintaining a continuous dividend payout ratio (Dividend recommended 18%).

### Strategy to Delivery

One of the cornerstones for our outstanding performance has been the execution of our thought-driven strategies. First, the commissioning of the Amravati plant expansion, whereby the new capacity strengthens our competitiveness towards manufacturing of high quality yarns. This has helped us enhance our competitiveness in manufacturing products for fast fashion industry, and stay with the changing times. Second is our focus on increasing the share of our value-added products across our business verticals. We will produce margin accretive yarns, fabric

and garments, and all three will significantly contribute value to our clients as well as our business. Being in this niche segment, it will also enable us to increase our share of exports, from the current levels of 18.32% of the total revenue to ~22% by FY19-20. Third, we have made investments strategically across our business verticals. From setting up a captive thermal power plant of 25MW at Ramtek, Nagpur, to upgrading the existing units, it has helped us create a robust customer base of global brands and retailers.

### Big Picture

Our long-term vision is built on solid culture, embodied with the ability to think ahead. Innovating for the future has been one of our core competencies in recent times. We have laid emphasis on product development and setting up our own design-cum-R&D team. We are also working in collaboration with denim fashion designers from Europe for better comprehension of the 'fast fashion' and latest design trends. As a result, today we are able to develop more than 100 variants of denim fabric every season (in terms of textures, designs, washes, fibre mix, among others). We recently introduced several unique shades of new denim, which have been appreciated well in the markets we operate.

### Road Ahead

Our transition from being a just another yarn manufacturer to a specialised denim manufacturer has been eventful. We have overcome the challenges, moved up the value-chain and created a robust integrated business structure. The expected surge in denim market will provide us the boost, helping us leverage our core competencies for stakeholder wealth creation. With a strong order book, we are confident of recording another strong financial performance in the coming year. More than ever, we are convinced of our strengths, and are confident of delivering as per the expectations of our customers. Our passion for innovation across different platforms is sure to drive our profitability, and ensure stakeholder value-creation.

We would once again like to thank our team, the board, bankers and shareholders for their continued trust and support. You have indeed been an inspiration for us, and we look forward to the coming fiscal year, with renewed anticipation and excitement.

Regards

**L N Agarwal,**  
Chairman & Managing Director

# #Our Business Strategy

Our strategic priorities are based on a business model designed to deliver sustainable long-term shareholder value while recognising our corporate responsibilities.

<b>STRATEGIC PRIORITY</b> 	<b>STRATEGIC FOCUS AREA</b> 	<b>2015-16 PROGRESS</b> 
<p><b>GROWTH</b></p> <p>We aim to emerge as a leading ODM supplier in India with a wide range of products spread across our business segments. We shall continue to expand through capital investments and take the growth levels higher</p>	<ul style="list-style-type: none"> <li>◆ Enhance capacities</li> <li>◆ Expand to new geographies</li> <li>◆ Enrich product portfolio with more value-added products</li> </ul>	<ul style="list-style-type: none"> <li>◆ New Spindle capacity is already commercialised</li> <li>◆ Expanded presence to Columbia, China and Iran</li> </ul>
<p><b>OPERATIONAL EXCELLENCE</b></p> <p>We operate in a highly competitive sector where quality levels are very stringent. We must deliver high quality products at best cost efficiencies</p>	<ul style="list-style-type: none"> <li>◆ Enhance quality control</li> <li>◆ Maintain operational flexibility</li> <li>◆ Achieve optimum capacity utilisation</li> <li>◆ Strengthen customer relationships</li> </ul>	<ul style="list-style-type: none"> <li>◆ All plants certified with best global bench-marks and accreditations</li> <li>◆ Achieved minimal rejections level</li> <li>◆ Increased the capacity utilisation levels across business segments</li> <li>◆ Reduced power costs with captive power capacity of 25MW</li> </ul>
<p><b>STRONG RETURNS</b></p> <p>Despite the changing dynamics of the industry and economy we have evolved our business model to register high levels of profitability levels, generate adequate cash flows and grow dividends for our share-holders</p>	<ul style="list-style-type: none"> <li>◆ Introduce innovative products</li> <li>◆ Increase market share</li> <li>◆ Achieve cost control</li> <li>◆ Strengthen synergies to widen sales network</li> </ul>	<ul style="list-style-type: none"> <li>◆ Launched more shades, textures and colors through in-house R&amp;D</li> <li>◆ Enhanced average realisation per mts</li> <li>◆ Strengthened market leadership among domestic and global clients</li> <li>◆ Increased the EBIDTA margin to 14.24% (up by 253 bps from previous year)</li> </ul>
<p><b>BEING RESPONSIBLE</b></p> <p>We endeavour to do business with integrity and good governance to create long-term relationships with our customers, suppliers, employees and society at large.</p>	<ul style="list-style-type: none"> <li>◆ Strengthen the senior management team</li> <li>◆ Increase skilled work-force</li> <li>◆ Conduct operations with safety</li> <li>◆ Protect environment and contribute to building a better world</li> </ul>	<ul style="list-style-type: none"> <li>◆ Ensured a high average retention rate</li> <li>◆ Ensured amicable and safe work culture at all our factory sites</li> <li>◆ Reported zero accidents during the year at our manufacturing sites</li> <li>◆ Ensured zero discharge contributing to a greener and cleaner world</li> </ul>

RELATED KPIS



**GROSS SALES\***

₹ **870.18** Cr  
2014-15 - ₹763.72 Cr

\*Including ₹ 110.38 Cr  
(2014-15 - ₹58.71 Cr)  
Inter Unit Transfers

**NET SALES**

₹ **759.80** Cr  
2014-15 - ₹705.01 Cr

**CAPITAL EMPLOYED\***

₹ **677.61** Cr  
2014-15 - ₹572.82 Cr

\*Excluding revaluation reserve

**NICHE PRODUCT CONTRIBUTION**  
(In EBIDTA)

**14.24**%  
2014-15 - 11.71%

**GLOBAL PRESENCE**

**27**  
2014-15 - 27

**DEBT-EQUITY RATIO**

**0.67**%  
2014-15 - 0.55%

**AVERAGE FRESH FABRIC GRADE**

**92**%

**AVERAGE REALISATION**  
(per mts)

₹ **153**  
2014-15 - ₹ 142

**PAT MARGIN**

**3.89**%  
2014-15 - 1.70%

**ROCE**

**12.60**%  
2014-15 - 9.02%

**DIVIDEND PAYOUT**

**18**%  
2014-15 - 12%

**EMPLOYEE STRENGTH**

**3600**

**AVERAGE AGE OF EMPLOYEES**

**32** years

RELATED RISKS

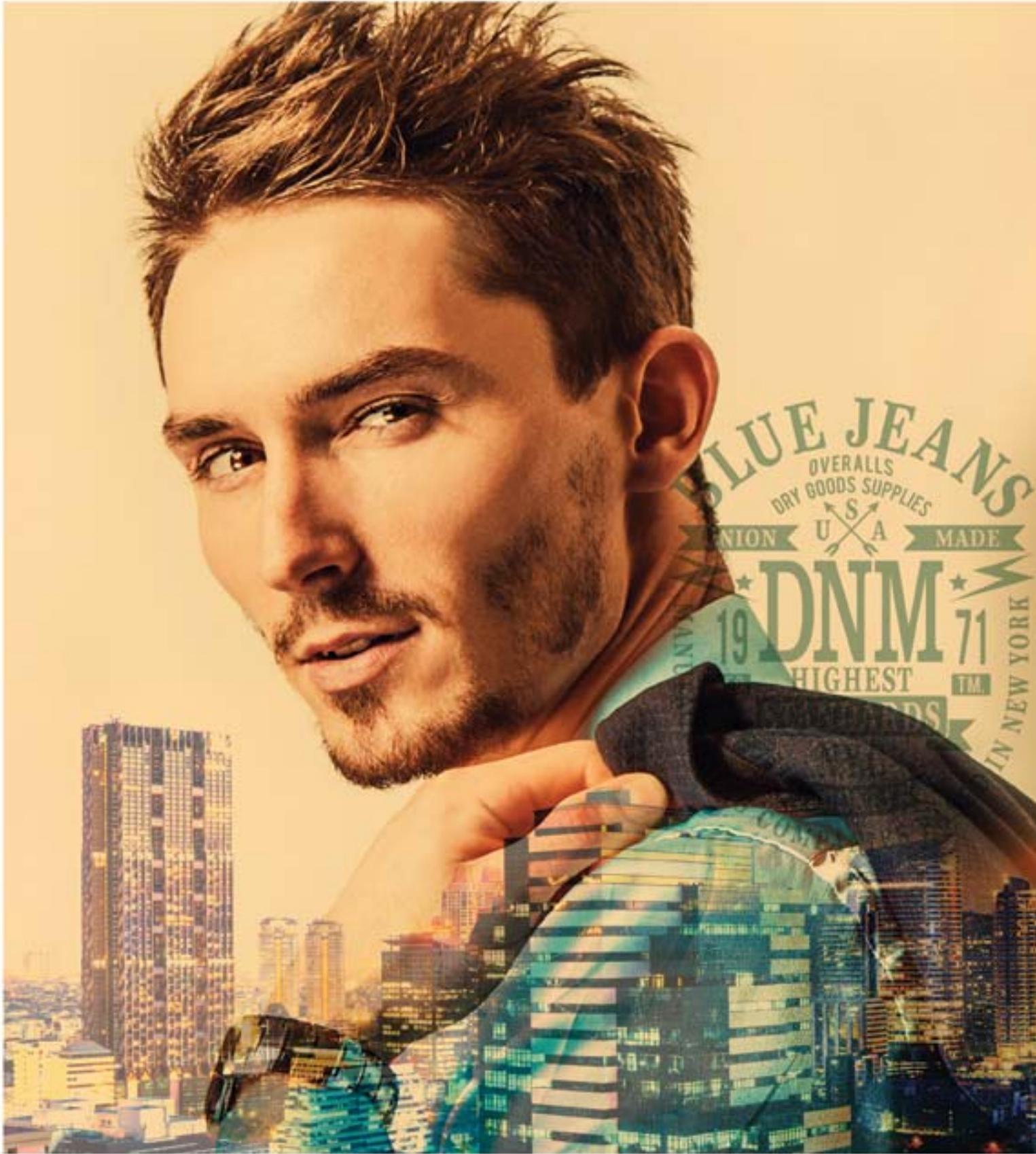


- ◆ Debt-Equity ratio
- ◆ Geo-political conditions
- ◆ Commodity price volatility

- ◆ Quality control
- ◆ Operational efficiency
- ◆ Rising input costs

- ◆ Rising operational costs
- ◆ Competition
- ◆ Working capital

- ◆ Environment, health and safety
- ◆ Workforce management



**He is the risk taker. The go-getter. The one who makes the impossible, possible. He never follows trends but creates his own. The alpha man with a devil may care attitude, he is the new age style icon! And fashion for him is a statement of who he is.**

**#Consumers**





REVENUE GROWTH IN  
FY 15-16 OVER THE  
PREVIOUS YEAR

8.05 %

EBIDTA GROWTH IN  
FY 15-16 OVER THE  
PREVIOUS YEAR

31.39 %

CASH PROFIT GROWTH IN  
FY 15-16 OVER THE  
PREVIOUS YEAR

43.17 %

ROCE IN FY 15-16

12.60 %

GROWTH IN MARKET  
CAPITALISATION IN  
FY 15-16 OVER THE  
PREVIOUS YEAR

32.45 %

**Today, Suryalakshmi Cotton Mills Limited is truly a global company with Indian roots. We are banking on innovation and technology to create a sustainable organisation. Our business performance reflects our passion and commitment towards creating long-term shareholder value.**

We recorded a Net Sales of ₹ 759.80 Crore, an appreciation of 7.77% compared to FY14-15. Our revenues have grown at a CAGR of 4.8% in the last five years, with our strategic shift towards driving value-added products. Further, our share of exports in total revenue have increased steadily, currently at 18.32% from 11.60% in FY 12-13.

We have resolved our operational bottlenecks, optimised our efficiency and capacity utilisation levels. This translated into high margin levels, with EBIDTA margin being recorded at 14.24% and PAT margin at 3.89% for the current year. Riding on our integration and high capacity utilisation levels, we expect to record our EBIDTA margin at 16% by FY 2020.

With strong margins, we have been able to register higher return ratios. With most of our capital expansion being done, and capacities already commercialised, we expect the ROCE and RONW to be at 16% & 12% respectively by FY19-20, from the current levels of 12.60% and 12.04%.

Our Long-term Debt Equity Ratio stood at 0.67 as compared to 1.05 in FY 11-12. Our financial liquidity was visible with our strong interest coverage ratio being at 2.93 times. The total dividends proposed during the year were ₹ 361.19 Lakhs, (including Dividend distribution tax) on equity share Capital and the dividend rate is 18%. Going ahead, we expect to further grow our profitability levels, backed by higher margins, through value-added products and greater operational efficiencies.

## **#Our Profitability**





**She is the rebel. She makes her rules. She lives life on her own terms. She is not afraid to dream or go after it. A free soul with a mind of her own, she is the new-age fashionista! And her style is the mirror to all that she stands for.**

**#Consumers**





**USA'S PER CAPITA DENIM  
CONSUMPTION**

**8**

**INDIA'S PER CAPITA  
DENIM CONSUMPTION**

**0.3**

**CAGR OF DENIM  
MANUFACTURING AND  
CONSUMPTION IN INDIA  
IN LAST DECADE**

**15%**

**INDIA'S CURRENT  
DENIM MANUFACTURING  
INDUSTRY**

**1.2** billion mts

**INDIA'S EXPECTED  
DENIM MANUFACTURING  
INDUSTRY BY FY 19-20**

**1.5** billion mts

**Changing times. Changing preferences. Unmatched quality. The consumers today look for apparel that complements their style and fits their comfort aspiration. More importantly, it should be within their reach and match their affordability quotient.**

Denim is among the very few fabrics that has undergone a big transition over the years. At Suryalakshmi, we believe in fabric innovation as the key to adapting to 'fast fashion', which has helped us grow stronger year after year.

Our faith in innovation is driven by one key aspect that transcends into one of our most competitive advantages - integration. We have pushed the boundaries of technology across our manufacturing verticals, resulting in a cross-functional advantage.

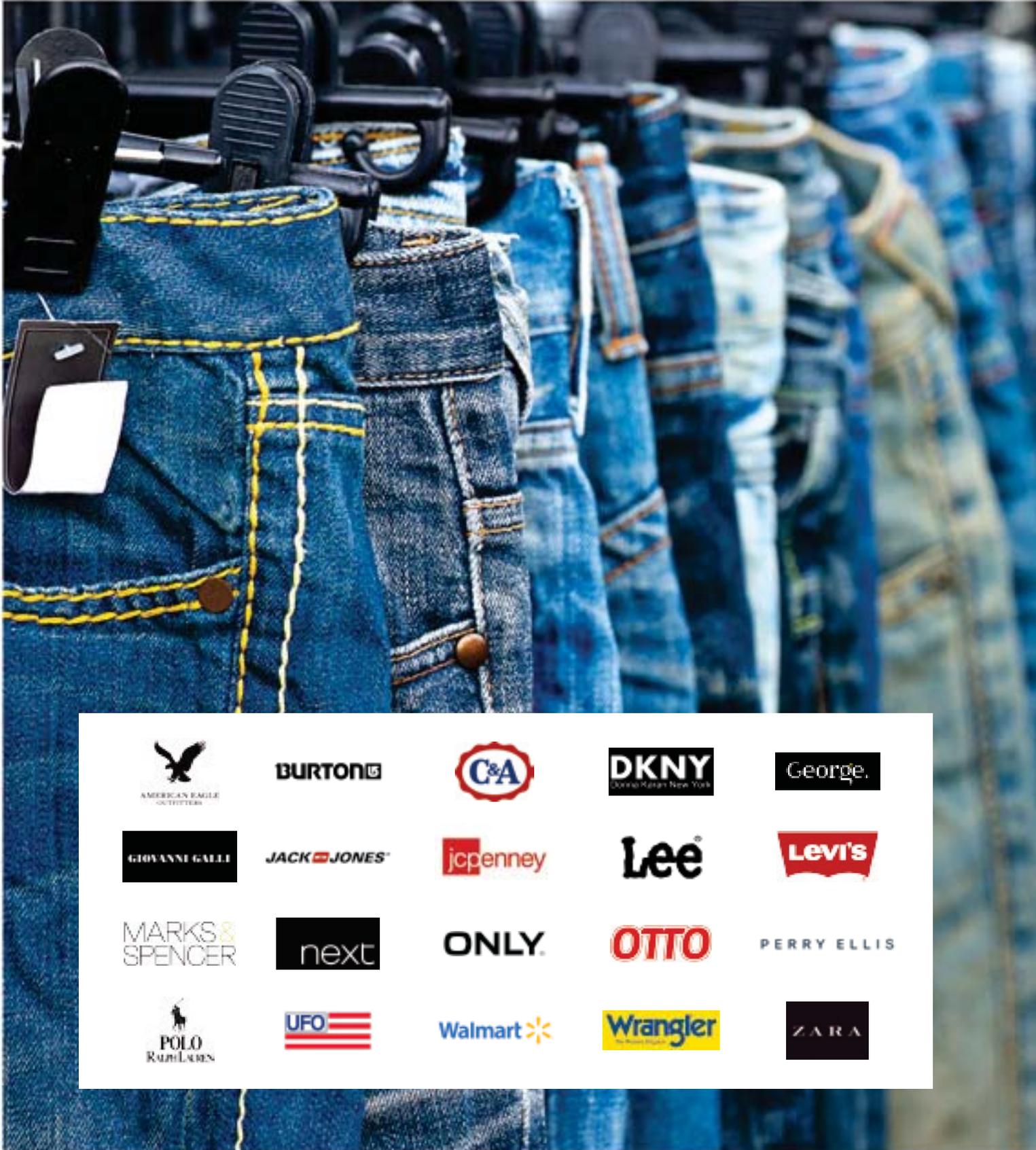
Our recently commissioned Amravati Spinning unit helps us manufacture high-quality fancy yarns - like stretch, slub, Elitwist and double yarn among others. This diversity strengthens our input for fabric division and has almost cut-down our dependency on third parties for sourcing such quality yarns - thereby adding to our cost efficiencies.

With in-house quality yarns, our fabric division is today among the most competent to develop a value-added portfolio. Being one of our key margin contributing segments, the division portfolio comprises lycra, dyed denims, coated denims, coloured denims, BCI cotton denims and stretch denims, among others.

The garment division creates a closed-loop for our innovation cycle. Our design team incorporates the ideas into reality, backed by state-of- art technology. Together, the finished products, with innovation as its backdrop, have helped us stage and sustain a holistic product development ideology.

## **#Our Innovation**






# 20+

## Best of brands

We leverage our organisation's core strengths to work across the depth and diversity of different brands. These brands are an identity within themselves, representing a different breed of consumers. We represent these iconic brands, as it reflects our competitive edge and the best practices that we adopt.

Our relationship with these brands showcases our company culture, creativity and operational excellence. Our ability to develop products with their benchmark, substantiates our insights in understanding our consumers, across geographies and culture. Changing fashion and aspiring comfort levels are the changing consumer dynamics, and we at Suryalakshmi Cotton have the deep insights that help us collaborate with these iconic brands.

### **#Know Our Partners**

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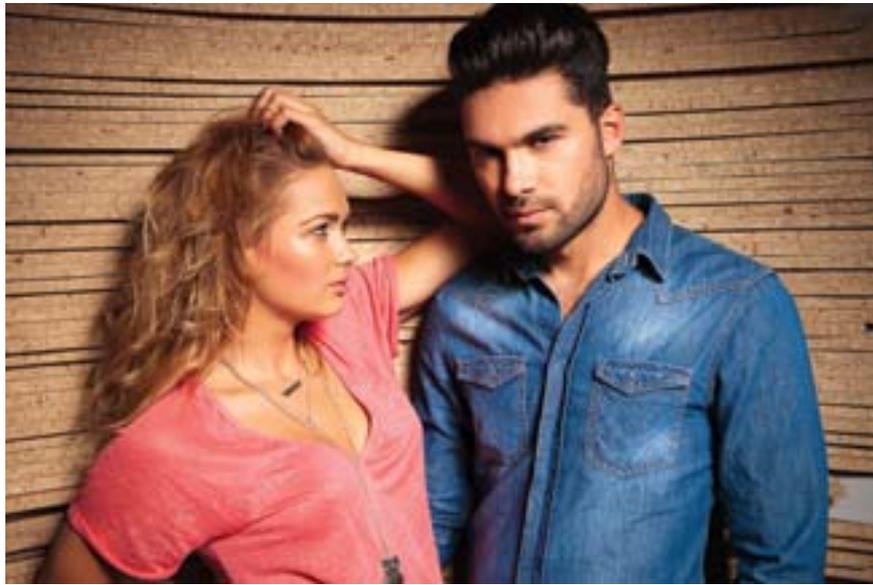
**We have launched  
more than**

**200+**

**new product designs  
in last four years**

**#Know Our Products**

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# 27

## countries across the World

### #Our Reach

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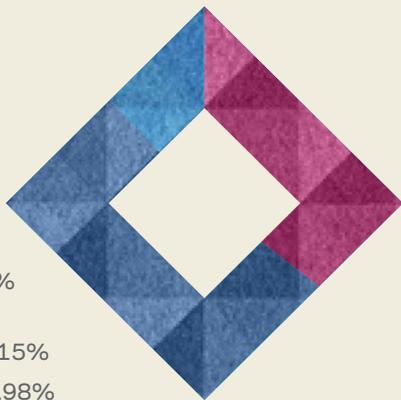
Peru | Guatemala | Indonesia |  
France | Spain | Lesotho |  
Madagascar | Srilanka | Argentina |  
Nicaragua | Egypt | Chile | Italy |  
UK | China | Columbia | Canada |  
USA | Portugal | Mexico | Bangladesh |  
Venezuela | UAE | Turkey | South Korea |  
Honduras





### NET SALES

**₹759.80  
Crore**



- ◆ Yarn - 35.87%
- ◆ Denim & Power - 55.15%
- ◆ Garments - 8.98%

### YARN

**₹272.52  
Crore**  
Total Net Sales

**86352**  
Spindles capacity

**5**  
Countries of export

**96%**  
Capacity utilisation

We started with yarn manufacturing back in the early 1960s, and have evolved over a period of time. Today, we manufacture various types of yarns, which serve our captive needs as well as various external customers.



DENIM		GARMENT	
<b>₹419.02 Crore</b> Total Net Sales (including power sales)	<b>40</b> million mts capacity	<b>₹68.26 Crore</b> Total Net Sales	<b>5000</b> Garment capacity (Nos/day)
<b>27+</b> Countries of export	<b>95.3%</b> Capacity utilisation	<b>4</b> Countries of export	<b>92%</b> Capacity utilisation
Having emerged as the leading producer of denim fabric in India, we are well-known for our quality among domestic and international clients.		Our integrated facilities have allowed us to integrate into a high-margin segment. Today, we are among the leading Original Denim Manufacturer (ODM) for some of the leading brands.	

# 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

Sri H.L.Ralhan  
Director and Chief Executive  
(Denim Divn.)

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. Brahmayya & Co.  
Hyderabad

## Bankers

State Bank of India  
Industrial Finance Branch  
Hyderabad

State Bank of Hyderabad  
Commercial Branch  
Secunderabad

State Bank of Mysore  
Industrial Finance Branch, Ameerpet,  
Hyderabad

IDBI Bank Limited  
Saidapet, Chennai

Andhra Bank,  
Somajiguda, Hyderabad

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

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

EXIM Bank,  
Rajbhavan Road,  
Hyderabad

## 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

## Factories

### Yarn Divisions

Amanagallu  
Mahabubnagar Dist.  
Telangana - 509 321

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

## 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

# 2

## CHAPTER TWO

### **STATUTORY REPORTS**

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# Directors' Report

To

The Members

Your Directors are pleased to present their Fifty Third Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2016.

## Financial Results

Particulars	(Figures in ₹ Lakhs)	
	2015- 2016	2014-2015
Gross Profit before Interest & Depreciation	11,051.98	8,389.98
Less : Interest	3,431.36	3,367.15
: Depreciation & Amortisation expense	3,132.07	3,179.59
Profit/(Loss) before prior year Adjustment	4,488.55	1,843.24
Exceptional Items *	(44.40)	(12.07)
Profit before tax for the year	4,444.15	1,831.17
LESS : Provision for Income Tax for the year	949.00	382.00
LESS : Deferred tax liability	490.00	232.36
Profit/(Loss) after tax	3,005.15	1,216.81
ADD : Profit brought forward from last year	9,055.62	8,595.67
LESS : Carrying value of Assets whose useful life achieved	--	366.77
<b>TOTAL</b>	<b>12,060.77</b>	<b>9,445.71</b>
Dividend on Preference Share Capital	60.00	40.96
Dividend on Equity Share Capital	300.10	200.07
Corporate Dividend Tax	73.31	49.06
Transferred to General Reserve	350.00	100.00
Profit transferred to Balance Sheet	11,277.36	9,055.62
<b>TOTAL</b>	<b>12,060.77</b>	<b>9,445.71</b>

- Exceptional item of the current year includes Workers Agreement Arrears (Expenses) of ₹ (7.80) Lakhs & Gram Panchayat Tax of ₹ (36.60) Lakhs.

## Operations

The year 2015-16 was another year of significant achievements for the Company. The Company showcased its operational excellence, with strong bottom line performance. The net sales for the year ended 31st March, 2016 stood at ₹760 Crores registering a growth of 8% over the previous year. However, the net profit after tax surged by more than 146% as compared to previous year. This was primarily due to two reasons: 1) Higher per unit realisations and 2) Enhanced operational efficiencies.

During the year the Company's new spinning unit at Amravati got commercialized towards end of the first half. The production of value-added fancy yarns from this unit is already under captive consumption for production of denim fabric at our Denim division. Our production of denim fabric also increased by 11%. The operations of the power division are also satisfactory, with the Amravati unit also drawing power from the Company's captive power plant.

While our fabric and garment divisions posted higher realisations, the realization from the yarn division has been subdued (both in domestic and export markets) by around 9%. The sales of Denim division increased by 11% and our per meter Denim fabric realization improved to ₹153.06 from ₹142.34 achieved in the previous year. Our focus on expanding the quantum of exports had started yielding results as our fabric exports nearly doubled from ₹64 crs. to ₹125 crs in 2015-16. The garment realization in both domestic and exports market have been higher increasing by around 14%. Our external (third party) power sales have also improved despite the rate per unit being lower.

On the input costs side, the raw material prices have been favourable except in Viscose Staple Fibre. Cotton prices have been cheaper by around 9%, while coal was available at base price, but at slightly better prices than last year.

## Dividend

The Directors are pleased to recommend a Dividend of 18% i.e. ₹1.80 per share (previous year ₹1.20 per share).

## Capital Expenditure

During the year under review the Company incurred capital expenditure of ₹108.28 Crores.

## Exports

Exports registered a healthy growth of 68% to ₹139 Crores up from ₹83 Crores in previous year. Denim Exports have shown handsome gains in volume terms.

Continuing our focus on the export markets, we efficiently retained our existing business & at the same time diligently worked towards entering new markets and acquiring new customers.

This year, we have successfully ventured into new markets like Iran,

China, Hong Kong, etc. and have also managed to get business from new key customers like One Jeans, Next, Sainsbury and Matalan.

For us, product development & innovation has been a key driver to boost export business. We have increased the strength of our product development team and brought in experienced as well as new talented people. This product development team is now led by an Italian Designer. We have introduced host of new fabrics, finishes & concepts in this year. Some of the new products developed are prints, recycle yarn, peach finishes, water repellent finishes, fleece denim etc. We have launched a complete range of Invista dual fx & Lycra beauty fabrics, which has been well accepted by our customers.

In order to reach out to different customers, we have been showcasing our collections at various international exhibitions and trade fairs like Kingpins Show (New York, USA), ColombiaTex, Colombia, Iran Tex (Tehran, Iran) and Denim and Jeans show Bangladesh, Dhaka.

## Future Outlook

As per market reports and current trends, denim industry is expected to grow at a very healthy pace in the near future. Understanding the core competencies that the Company possesses, it has plans to expand its capacities in denim and garment facilities in the immediate future. This shall be complimented by strategic investments in R&D, enabling it to understand the latest fast fashion trends in collaboration with leading designers from Europe and Asia. This would help the Company climb-up the value-chain, ensure a better customer experience and strengthen its market leadership. The Company intends to further penetrate into niche products segment and increase its exports. With higher operating efficiencies and further upgradation of Amanagallu and Ramtek units, the company looks forward to another stellar performance in the coming fiscal.

## Directors

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

During the year, Sri A. Mallikarjun (DIN : 02599532) has been appointed as Nominee Director by IDBI in the place of Smt. Sharada Sundaram (DIN: 07067040). The Board wishes to place on record its appreciation for the valuable services rendered by Smt. Sharada Sundaram.

The tenure of Sri H.L.Ralhan (DIN : 00018362) as Director & Chief Executive (Denim Division) comes to an end on 29th, January 2016 and has been reappointed as Director & Chief Executive (Denim Division) liable to retire by rotation for a period of five years by the Board, subject to the approval of the members in the ensuing General Meeting

In accordance with the provisions of the Companies Act, 2013 and SEBI guidelines, Sri Dhruv Vijai Singh (DIN : 07180749) and Dr.G.Vivekanand (DIN: 00011684) who retire by rotation in this meeting are being appointed as Independent Directors for a term of 5 years, who shall not be liable to retire by rotation under the provisions of the Companies Act, 2013 and the relevant rules thereunder.

The above Independent Directors have submitted the Declaration of Independence, as required pursuant to section 149 (7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6). The profile of the Independent Directors forms part of the Corporate Governance Report.

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

### Evaluation Of The Board's Performance

In compliance with the Companies Act, 2013, and as per the latest Listing Regulations, the performance evaluation of the Board and of its Committees was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

### Familiarization Program For Independent Directors

The Company has formulated a familiarization 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](http://www.suryalakshmi.com)

### Nomination & Remuneration Policy

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

### Directors' Responsibility Statement

Your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end

of the financial year and of the profit and loss of the Company for that period;

- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Disclosures Under The Companies Act, 2013

#### i) Extract of Annual Return:

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

#### ii) Number of Board Meetings:

The Board of Directors met four times during the year 2015-2016. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

#### iii) Changes in Share Capital:

There is no change in the share capital.

#### iv) Composition of Audit Committee:

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

#### v) Related Party Transactions:

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act 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 on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link:

<http://www.suryalakshmi.com/policyonrelated.html>

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

## Corporate Governance

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

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

## Corporate Social Responsibility Policy

At Suryalakshmi a major concern has been, the sincere effort by the Company to 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-3 to this report.

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

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

## Risk Management

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

Technology Risks, Operational Quality Risks, 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 behavior, fraud, violation of Company's Code of Conduct. None of the Personnel has been denied access to the audit committee.

## Declaration About Compliance With The Code Of Conduct By Members Of The Board And Sr. Management Personnel.

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

## Disclosure Under The Sexual Harassment Of Woman At Workplace (Prevention, Prohibition And Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of 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 Calendar year:

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

## Auditors

The Auditors M/s. Brahmayya & Co, retire at the ensuing Annual General Meeting and are eligible for reappointment.

### I. Auditors And Their Report:-

M/s. Brahmayya & Co., Chartered Accountants (ICAI Firm Registration No.000513S), the Statutory Auditors of the company, will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as per Section 139 of the Companies Act, 2013.

M/s. Brahmayya & Co., have expressed their willingness to get re-appointed as the Statutory Auditors of the company and furnished the certificate of their eligibility and consent for the same under Section 141 of the Companies Act, 2013, and the rules framed thereunder. In terms of the Listing Regulations, the Auditors have

confirmed, that they hold a valid certificate issued by the Peer Review Board of the ICAI. The Board, based on the recommendation of the Audit Committee, recommends the appointment of M/s. Brahmayya & Company as the Statutory Auditors of the company.

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

## II. Cost Auditor And Cost Audit Report

Pursuant to section 148 of the Companies Act 2013, the Board of Directors on the recommendation of the Audit Committee appointed Ms.Aruna Prasad, Cost Accountant (M.No. 11816) as the Cost Auditors of the Company for the FY 16-17 and has recommended her remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting. Ms.Aruna Prasad has confirmed that her appointment is within the prescribed limits, and also certified that they are free from any disqualifications.

## III. Secretarial Auditor And Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary (M.No. 13951), in Whole-time Practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17. The report of the Secretarial Auditor is annexed to this report as Annexure -4.

## Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo

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

## Deposits

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

## Employees

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

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

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

## Acknowledgements

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

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

for and on behalf of the Board

Date : 25th May, 2016

Place : Secunderabad

**L.N.Agarwal**

Chairman & Managing Director

## Annexure 1

# Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

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

#### I. Registration and other details:

i) CIN:-	L17120AP1962PLC000923
ii) Registration Date	13th AUGUST, 1962
iii) Name of the Company	SURYALAKSHMI COTTON MILLS LIMITED
iv) Category / Sub-Category of the Company	
v) Address of the Registered office and contact details	6th Floor, Surya Towers, 105, S.P.Road, Secunderabad-500003. Ph.No.: 040-27819856 / 30571600
vi) Whether listed Company Yes / No	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel.: 040-67161606

#### II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main product/services	NIC Code of the Product	% to total turnover of the Company
1	Yarn	13,111	36.74
2	Denim Fabric	13,121	53.47

#### III. Particulars of holding, subsidiary and Associate Companies

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

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

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF	93,26,889	0	93,26,889	55.94	93,26,889	0	93,26,889	55.94	0
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks I PI	--	--	--	--	--	--	--	--	--
f) Any Other. ...	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	93,26,889	0	93,26,889	55.94	93,26,889	0	93,26,889	55.94	0
(2) Foreign									
a) Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks I PI	--	--	--	--	--	--	--	--	--
e) Any Other. ...	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>93,26,889</b>	<b>0</b>	<b>93,26,889</b>	<b>55.94</b>	<b>93,26,889</b>	<b>0</b>	<b>93,26,889</b>	<b>55.94</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	2,800	2,800	0.02	0	2,800	2,800	0.02	
b) Banks / FI	67,266	0	6,7266	0.40	67,266	0	67,266	0.40	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FI's	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(I):-	67,266	2,800	70,066	0.42	67,266	2,800	70,066	0.42	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,59,771	66	9,59,837	5.76	9,83,225	66	9,83,291	5.90	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	23,41,284	1,47,095	24,88,379	14.92	23,39,274	1,44,497	24,83,771	14.90	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	36,57,211	0	36,57,211	21.94	37,28,910	0	37,28,910	22.37	
c) Others (specify)									
Clearing Members	1,14,317	0	1,14,317	0.69	6,276	0	6,276	0.04	
Non Resident Indians	55,591	0	55,591	0.33	45,071	0	45,071	0.27	
Unclaimed Suspense Account	28,016	0	28,016	0.17	28,016	0	28,016	0.17	
Sub-total (B)(2):-	71,56,190	1,47,161	72,75,335	43.64	71,02,756	1,44,563	72,75,335	43.64	
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>72,23,456</b>	<b>1,49,961</b>	<b>73,45,401</b>	<b>44.06</b>	<b>71,70,022</b>	<b>1,47,363</b>	<b>73,45,401</b>	<b>44.06</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Grand Total (A+B+C)</b>	<b>1,65,50,345</b>	<b>1,49,961</b>	<b>1,66,72,290</b>	<b>100</b>	<b>1,64,96,911</b>	<b>1,47,363</b>	<b>1,66,72,290</b>	<b>100</b>	

**(ii) Shareholding of Promoters**

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

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

Sl. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equityetc):			
	THERE IS NO CHANGE			
	At the End of the year			

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase / Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1	Shailesh Mulchand Savla	16,00,000	9.60	31/03/2015			16,00,000	9.60
				18/03/2016	(1,00,000)	Transfer	15,00,000	9.00
				31/03/2016			15,00,000	9.00
		15,00,000	9.00	31/03/2016				
2	Swadeshi Tubes Ltd	3,50,000	2.10	31/03/2015			3,50,000	2.10
				31/03/2016			3,50,000	2.10
		3,50,000	2.10	31/03/2016				

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase / Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
3	Vinodchandra Mansukhlal Parekh	3,11,441	1.87	31/03/2015			3,11,441	1.87
				31/03/2016			3,11,441	1.87
		3,11,441	1.87	31/03/2016				
4	Natverlal And Sons Stock Brokers Pvt Ltd	1,01,800	0.61	31/03/2015			1,01,800	0.61
				10/04/2015	2,400	Transfer	1,04,200	0.62
				10/04/2015	(91,839)	Transfer	12,361	0.07
				17/04/2015	(8,161)	Transfer	4,200	0.03
				24/04/2015	(175)	Transfer	4,025	0.02
				15/05/2015	1,300	Transfer	5,325	0.03
				22/05/2015	451	Transfer	5,776	0.03
				22/05/2015	(451)	Transfer	5,325	0.03
				29/05/2015	(100)	Transfer	5,225	0.03
				10/07/2015	730	Transfer	5,955	0.04
				10/07/2015	(500)	Transfer	5,455	0.03
				17/07/2015	(1,084)	Transfer	4,371	0.03
				24/07/2015	3071	Transfer	7,442	0.04
				24/07/2015	(1,071)	Transfer	6,371	0.04
				31/07/2015	125	Transfer	6,496	0.04
				31/07/2015	(2,221)	Transfer	4,275	0.03
				07/08/2015	3074	Transfer	7,349	0.04
				07/08/2015	(1,150)	Transfer	6,199	0.04
				14/08/2015	25	Transfer	6,224	0.04
				14/08/2015	(3,718)	Transfer	2,506	0.02
				21/08/2015	25	Transfer	2,531	0.02
				21/08/2015	(206)	Transfer	2,325	0.01
				28/08/2015	234	Transfer	2,559	0.02
		04/09/2015	(25)	Transfer	2,534	0.02		
		13/11/2015	25	Transfer	2,559	0.02		
		20/11/2015	8,825	Transfer	11,384	0.07		
		27/11/2015	(8,850)	Transfer	2,534	0.02		
		25/12/2015	400	Transfer	2,934	0.02		
		31/12/2015	(600)	Transfer	2,334	0.01		
		08/01/2016	75	Transfer	2,409	0.01		
		29/01/2016	300	Transfer	2,709	0.02		
		05/02/2016	(100)	Transfer	2,609	0.02		
		18/03/2016	450	Transfer	3,059	0.02		
		25/03/2016	(450)	Transfer	2,609	0.02		
		31/03/2016			2,609	0.02		
		2,609	0.02	31/03/2016				
5	Terranova Technologies Limited	1,00,000	0.60	31/03/2015			1,00,000	0.60
				31/03/2016			1,00,000	0.60
		1,00,000	0.60	31/03/2016				

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase / Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
6	Sanjeev Vinodchandra Parekh	43,786	0.26	31/03/2015			43,786	0.26
				23/10/2015	5,3145	Transfer	96,931	0.58
				31/03/2016			96,931	0.58
		96,931	0.58					
7	Greshma Finvest Private Limited	96,500	0.58	31/03/2015			96,500	0.58
				19/06/2015	350	Transfer	96,850	0.58
				07/08/2015	(500)	Transfer	96,350	0.58
				04/09/2015	(51,000)	Transfer	45,350	0.27
				11/09/2015	700	Transfer	46,050	0.28
				25/12/2015	(700)	Transfer	45,350	0.27
				31/03/2016			45,350	0.27
		45,350	0.27	31/03/2016				
8	Raouf Razak Dhanani	327	0.00	31/03/2015			327	0.00
				10/04/2015	(83,854)	Transfer	84,181	0.50
				31/03/2016			84,181	0.50
		84,181	0.50	31/03/2016				
9	Bhimavarapu Sridhar Reddy	1	0.00	31/03/2015			1	0.00
				25/09/2015	2,000	Transfer	2,001	0.01
				16/10/2015	103	Transfer	2,104	0.01
				30/10/2015	61	Transfer	2,165	0.01
				06/11/2015	1,500	Transfer	3,665	0.02
				27/11/2015	934	Transfer	4,599	0.03
				11/12/2015	2,000	Transfer	6,599	0.04
				15/01/2016	450	Transfer	7,049	0.04
				29/01/2016	889	Transfer	7,938	0.05
				05/02/2016	1,783	Transfer	9,721	0.06
				12/02/2016	18,984	Transfer	28,705	0.17
				19/02/2016	4,936	Transfer	33,641	0.20
				26/02/2016	13,178	Transfer	46,819	0.28
				04/03/2016	12,985	Transfer	59,804	0.36
		11/03/2016	10,543	Transfer	70,347	0.42		
		18/03/2016	10,388	Transfer	80,735	0.48		
		31/03/2016			80,735	0.48		
		80,735	0.48	31/03/2016				
10	Anisha Raouf Dhanani	75,473	0.45	31/03/2015			75,473	0.45
				05/06/2015	11,139	Transfer	86,612	0.52
				12/06/2015	(322)	Transfer	86,290	0.52
				19/06/2015	7,128	Transfer	93,418	0.56
				03/07/2015	1,097	Transfer	94,515	0.57
				10/07/2015	(1,250)	Transfer	93,265	0.56

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning & end of the Year		Date wise Increase / Decrease in shareholding during the year		Reason	Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
				17/07/2015	354	Transfer	93,619	0.56
				24/07/2015	400	Transfer	94,019	0.56
				07/08/2015	(2,000)	Transfer	92,019	0.55
				28/08/2015	3,000	Transfer	95,019	0.57
				20/11/2015	(7,500)	Transfer	87,519	0.52
				08/01/2016	15,524	Transfer	1,03,043	0.62
				22/01/2016	5,000	Transfer	1,08,043	0.65
				19/02/2016	1,072	Transfer	1,09,115	0.65
				31/03/2016			1,09,115	0.65
		1,09,115	0.65	31/03/2016				
11	Padma Jitendra Parekh	75,241	0.45	31/03/2015			75,241	0.45
				31/07/2015	(25)	Transfer	75,216	0.45
				07/08/2015	(20,000)	Transfer	55,216	0.33
				31/03/2016			55,216	0.33
		55,216	0.33	31/03/2016				
12	Jayesh Navnitlal Shah	75,000	0.45	31/03/2015			75,000	0.45
				31/03/2016			75,000	0.45
		75,000	0.45	31/03/2016				
13	Paulomi Ketan Doshi	68000	0.41	31/03/2015			68000	0.41
				31/03/2016			68000	0.41
		68000	0.41	31/03/2016				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of Director/KMP	Beginning of the year (1st April, 2015)	%	End of the Year (31st March, 2016)	%
1	L.N.Agarwal	13,64,516	8.18	13,64,516	8.18
2	Paritosh K. Agarwal	14,78,472	8.87	14,78,472	8.87
3	Padmini Agarwal	9,71,815	5.83	9,71,815	5.83
4	R.Surender Reddy	28,000	0.17	28,000	0.17
5	Navrang Lal Tibrewal	NIL		NIL	
6	R.S.Agarwal	NIL	NIL	-	-
7	H.L.Ralhan	650	-	650	-
8	A. Mallikarjun	NIL		NIL	
9	Dr. G.Vivekanand	NIL		NIL	
10	Dhruv Vijai Singh	NIL		NIL	
11	E.V.S.V. Sarma	4,158	0.02	4,596	0.03
12	P.S.Subramanyam	28	-	28	-

## V. Indebtedness

(₹ in Lakhs)

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

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of financial year				
i) Principal Amount	26,864	2,596	-	29,460
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	86	-	-	86
Total (i+ii+iii)	26,950	2,596	-	29,546
Change in Indebtedness during the financial year				
▪ Addition	8,320	1,896	-	10,216
▪ Finance Cost & Others	3,141	289	-	3,430
▪ Reduction	(15,177)	(1,060)	-	(16,237)
▪ Finance Cost Paid	(3,109)	(289)	-	(3,398)
Net Change	6,825	836	-	7,661
Indebtedness at the end of the financial year				
i) Principal Amount	33,657	3,351	-	37,008
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	118	81	-	199
<b>Total (i+ii+iii)</b>	<b>33,775</b>	<b>3,432</b>	<b>-</b>	<b>37,207</b>

## VI. Remuneration of Directors and Key Managerial Personnel

(₹ in Lakhs)

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

S I. No.	Particulars of Remuneration	Name of MD/WTD / Manager				Total Amount
		L.N.Agarwal	Paritosh K.Agarwal	Padmini Agarwal	H.L.Ralhan	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	62.40	54.60	31.20	36.38	184.58
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.06	0.61	0.24	5.33	6.24
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	31.20	27.30	-	-	58.50
	- others, specify ...					
5.	Others, please specify	-	-	-	-	-
	Total (A)	93.66	82.51	31.44	41.71	249.32
	Ceiling as per the Act					470.06

### B. Remuneration to other directors:

(₹ in Lakhs)

#### I. Independent Directors

S I. No.	Particulars of Remuneration	Name of Directors					Total Amount
		R.Surender Reddy	R.S.Agarwal	Navrang Lal Tibrewal	Dhruv Vijai Singh	Dr, G Vivekanand	
1	Fee for attending board / committee meetings	0.35	0.25	0.35	0.20	0.15	1.30
2	Commission	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.35</b>	<b>0.25</b>	<b>0.35</b>	<b>0.20</b>	<b>0.15</b>	<b>1.30</b>

II. Other Non-Executive Directors

(₹ in Lakhs)

S I. Particulars of Remuneration No.		Name Of Directors		Total Amount
		Smt. Sharada Sundaram	Sri A.Mallikarjun	
		1	Fee for attending board / committee meetings	
2	Commission	-	-	-
3	Others, please specify	-	-	-
	<b>Total (2)</b>	<b>0.18</b>	<b>0.10</b>	<b>0.28</b>
	<b>Total (B) = (1 +2)</b>	-	-	<b>1.58</b>
	Total Managerial Remuneration (A+B)			250.90
	Overall Ceiling as per the Act			<b>517.06</b>

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

(₹ in Lakhs)

S I. Particulars of Remuneration No.		Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	15.61	24.19	39.80
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	0.15	0.15	0.30
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	-- as % of profit	-	-	-	-
	-- others, specify ...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total		15.76	24.34	40.10

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT/ COURT	Appeal made, if any (give Details)
Penalty					
Punishment			NIL		
Compounding					
C Other Officers in Default					
Penalty					
Punishment			NIL		
<b>Compounding</b>					

## Annexure 2

# Corporate Governance Report

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

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

### 2. Board of Directors :

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

Name of the Director	Category	No. of other Directorships	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
Sri L.N.Agarwal DIN No. 0008721	Chairman & Managing Director-Promoter Executive	Nil	Nil	Nil
Sri Paritosh kumar Agarwal DIN No. 00008738	Managing Director - Promoter/Executive	Nil	Nil	Nil
Sri R.Surender Reddy DIN No.00083972	Non-Executive - Independent	6	3	3
Sri Navrang Lal Tibrewal DIN No. 0030151	Non-Executive - Independent	Nil	Nil	Nil
Sri R.S.Agarwal DIN No.00012594	Non-Executive - Independent	7	3	3
Sri H.L.Ralhan DIN No.00018362	Executive - Non-promoter	Nil	Nil	Nil
Smt. Padmini Agarwal DIN No.01652449	Executive-Promoter	Nil	Nil	Nil
Smt. Sharada Sundaram * DIN No.07067040	IDBI Nominee Non-Executive	Nil	Nil	Nil
Sri Mallikarjun DIN No.02599532#	IDBI Nominee Non-Executive	Nil	1	1
Dr.Vivekanand DIN No. 00011684	Non-Executive - Independent	9	Nil	Nil
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive - Independent	Nil	Nil	Nil

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

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

Name of the Director	No. of Board Meetings attended during the period 1st April, 2015 to 31st March, 2016	Attendance at the last Annual General Meeting held on 29th, July 2015
Sri L.N.Agarwal	4	Present
Sri Paritosh K.Agarwal	4	Present
Sri R.Surender Reddy	4	Present
Sri Navrang Lal Tibrewal	4	Present
Sri R.S.Agarwal	3	Present
Sri H.L.Ralhan	3	Present
Smt. Padmini Agarwal	4	Absent
Dr. G Vivekanand	3	Present
Sri Dhruv Vijai Singh	4	Absent
Sri A.Mallikarjun #	1	Absent
Smt. Sharada Sundaram *	2	Absent

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

- c) During the financial year 31st, March 2016 - Four Board Meetings were held on 29th, May 2015, 29, July 2015, 7th November 2015 and 2nd, February 2016.
- d) Disclosure of relationships between Directors inter-se:

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

- e) The details of shares held by the Non-Executive Directors of the Company in their individual names as 31st, March 2016 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 latest Listing Regulations, 2015 on Corporate Governance particulars of the Directors being reappointed are provided hereunder.

#### Sri H L Ralhan

Sri H.L.Ralhan (DIN No.00018362) is a Textile Engineer by profession and has vast experience in Denim Industry. He was reappointed as a Director and Chief Executive Denim Division with effect from 30.01.2016. The Nomination & Remuneration Committee has recommended his reappointment as a Director liable to retire by rotation.

Names of the Companies in which he is a Director/Chairman - None

No. of shares held by Sri H.L.Ralhan in the Company - 650

The details relating to appointment and re-appointment of Directors as required under above regulations 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. Smt. Sharada Sundaram \* - Member, IDBI Nominee
- v. Sri A.Mallikarjun # - Member, IDBI Nominee

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

#### c. Meetings and attendance during the year

During the financial year March 31, 2016 - Four Audit Committee Meetings were held on 29th May 2015, 29th July 2015, 7th November 2015 and 2nd February 2016.

Name	No. of the Meetings attended
Sri R.S.Agarwal	3
Sri R.Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Smt. Sharada Sundaram *	2
Sri A.Mallikarjun #	1

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

### 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. Smt. Sharada Sundaram\* - Member - Non-Executive - Nominee (IDBI Nominee Director)
5. Sri A.Mallikarjun # - Member - Non-Executive - Nominee (IDBI Nominee Director)

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

**c) Meetings and attendance during the year**

During the financial year ended 31st March, 2016, two Remuneration Committee Meetings were held on 29th, May 2015 and 2nd, February 2016.

<b>Name</b>	<b>No. of the Meetings attended</b>
Sri R.S.Agarwal	1
Sri R.Surender Reddy	2
Sri Navrang Lal Tibrewal	2
Smt. Sharada Sundaram *	1
Sri A.Mallikarjun #	1

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

**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) All pecuniary relationship or transactions of the Non-executive Directors.

NIL

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

No payments are made to Non-Executive Directors.

### Sitting Fees

Name	Designation	Amount (₹)
Sri R.Surender Reddy	Independent Director	35000
Sri Navrang Lal Tibrewal	Independent Director	35000
Sri R.S.Agarwal	Independent Director	25000
Sri Dhruv Vijai Singh	Independent Director	20000
Dr. G. Vivekanand	Independent Director	15000
Smt. Sharada Sundaram *	Nominee - IDBI	17500
Sri A.Mallikarjun #	Nominee - IDBI	10000

\* Nomination withdrawn by IDBI w.e.f. 1st, January 2016

# Nominated by IDBI w.e.f. 1st, January 2016

- 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 summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc;

Details of remuneration to all the Directors

(During 1st, April 2015 to 31st, March 2016)

Name	Designation	Salary & Commission (₹ in Lakhs)	Perquisites (₹ in Lakhs)	Total (₹ in Lakhs)
L.N.Agarwal	Chairman & Managing Director	93.60	0.06	93.66
Paritosh K Agarwal	Managing Director	81.90	0.61	82.51
H.L.Ralhan	Director & Chief Executive (Denim Division)	36.38	5.33	41.71
Padmini Agarwal	Whole Time Director	31.20	0.24	31.44

- (ii) Details of fixed component and performance linked incentives, along with the performance criteria - NIL

- (iii) Service contracts, notice period, severance fees - & (iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -

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

Human Resources Risks, Regulatory Risks and Financial Risks.

### b. Composition, names of members and Chairperson

- i. Sri Paritosh K. Agarwal - Chairman, Executive Director
- ii. Sri H.L.Ralhan - Member, Executive Director
- iii. Smt Padmini Agarwal - Member, Executive Director
- iv. Sri R.L.Narayana - Member, President (Amanagallu Unit)
- v. Sri P.S..Subramanyam - Member, President (Finance)

## 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,

## 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 - 4  
No. of Complaints received for the Year ended 31st March, 2016 - 31

- 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
2012-2013	28/09/2013	"Triveni" Hotel Kamat Lingapur, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500 016.	10.30 AM
2013-2014	04/08/2014	KLN Prasad Auditorium, 3rd Floor, Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad - 500 004.	10.00 A.M.
2014-2015	29/07/2015	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.

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

- At the AGM held on 28th, September 2013 -
  - Revision in the remuneration payable to Mr.H.L.Ralhan as Director and Chief and Executive - Denim Division.
- At the AGM held on 4th, August 2014 -
  - Reclassification of Authorised Share Capital and Consequent Alteration of Memorandum of Association and Articles of Association.
  - Preferential issue of equity shares of the Company.
  - Preferential issue of preference shares of the Company.
  - Reappointment of Sri L.N.Agarwal, Chairman and Managing Director
  - Adoption of new Articles of Association in substitution of old.
  - Enhancement in the borrowing limits.
  - Approval of lease agreement.
- At the AGM held on 29th, July 2015 -
  - Approval of Mortgage by Company.
  - Change of Address of Registrar & Transfer Agents.

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

- d) Person who conducted the postal ballot exercise**  
NOT APPLICABLE

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

- f) Procedure for postal ballot**  
Not Applicable

## 9. Means of Communication

### a) Quarterly results.

Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website [www.suryalakshmi.com](http://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](http://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 : Thursday , 28th July, 2016

Time : 10.30 A.M.

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

### b) Financial Year

1st April to 31st March following

### c) Date of Book Closure

22nd July, 2016 to 28th July, 2016 (both days inclusive)

Dividend Payment Date: 9th August 2016

### 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 Ltd.	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 of India Ltd.		BSE Limited			
	SHARE PRICE (₹)		SHARE PRICE (₹)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2015	95.5	76.5	94.60	78.95	29094.61	26897.54
May, 2015	91	72.2	92.00	75.85	28071.16	26423.99
June, 2015	95	82.1	94.00	82.00	27968.75	26307.07
July, 2015	127.8	89	128.00	90.00	28578.33	27416.39
August, 2015	138.7	92.55	140.00	93.00	28417.59	25298.42
September, 2015	98.9	86.8	98.00	87.50	26471.82	24833.54
October, 2015	108.65	96.5	108.50	96.20	27618.14	26168.71
November, 2015	117	96	118.50	96.70	26824.30	25451.42
December, 2015	133.45	102	122.00	102.80	26256.42	24867.73
January, 2016	130	96.7	129.70	94.00	26197.27	23839.76
February, 2016	126.6	87.9	126.00	86.40	25002.32	22494.61
March, 2016	111.45	88.65	110.90	88.60	25479.62	23133.18

h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof  
Not Applicable

### 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

### 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.

**k) Distribution of shareholding.**

Shareholding pattern as on 31st, March 2016.

Particulars	No. of Shares	% of Holding
Promoters	93,26,889	55.94
Indian Public	62,46,973	37.47
Bodies Corporate	98,3291	5.90
Banks & Financial Institutions	67,266	0.40
Mutual Funds	2,800	0.02
FII's	0	0
Non Resident Indians	45,071	0.27
	1,66,72,290	100

Distribution of shareholding

Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
Upto 5000	5125	81.74	66,73,910.00	4.00
5001 - 10000	512	8.17	41,43,280.00	2.48
10001 - 20000	272	4.34	41,97,120.00	2.52
20001 - 30000	104	1.66	26,48,990.00	1.59
30001 - 40000	46	0.73	16,78,840.00	1.01
40001 - 50000	39	0.62	18,60,820.00	1.12
50001 - 100000	81	1.29	59,11,810.00	3.54
100001 and above	91	1.45	13,96,08,130.00	83.74
TOTAL	6270	100.00	16,67,22,900.00	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) 16524927 shares amounting to 99.12% of the Capital have been dematerialised by investors as on 31st March, 2016.

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**

Mahabubnagar 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  
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 2015-16 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.**

NIL

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

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

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

Mandatory requirements: All complied with.

Discretionary requirements :

1. The Board : The Board is headed by an Executive Chairman.
2. Shareholder Rights : Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website [www.suryalakshmi.com](http://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 & Managing Director.
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 there of:

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 (Yes / No)
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	Yes
25	Obligations with respect to Independent Directors	NOT APPLICABLE
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.

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;  
112 shareholders - 28016 shares.
- number of shareholders who approached listed entity for transfer of shares from suspense account during the year;  
One - Further information awaited from the shareholder and hence pending.
- number of shareholders to whom shares were transferred from suspense account during the year;  
NIL
- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.  
112 shareholders - 28016 shares.
- 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 31st March, 2016.

for SURYALAKSHMI COTTON MILLS LIMITED

Place : Secunderabad  
Date : 25th May, 2016

**L. N. Agarwal**  
Chairman & Managing Director

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## CEO / CFO Certification

### We hereby certify that :

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 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 : 25th May, 2016

**P. S. Subramanyam**  
President (Finance)

**Paritosh K. Agarwal**  
Managing Director

# Auditors' Certificate

To the members of  
**SURYALAKSHMI COTTON MILLS LIMITED,**  
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by SURYALAKSHMI COTTON MILLS LIMITED, for the year ended 31st March, 2016 as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement. We state that in respect of investor grievances received during the year ended 31st March, 2016, no investor grievances are pending against the Company as on 31st March, 2016 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Brahmayya & Co.,**  
Chartered Accountants  
Firm Registration No. 000513S

**K. Shravan**  
Partner  
(Membership No.215798)

Place : Hyderabad  
Date : 25th May, 2016.

## Annexure 3

# CSR Report

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs.	<p>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.</p> <p><a href="http://www.suryalakshmi.com/investor-corporate-governance.aspx">http://www.suryalakshmi.com/investor-corporate-governance.aspx</a></p> <p>CSR activities of Suryalakshmi are carried out through:-</p> <p>Contributions to various Trusts / Societies and directly by Company.</p>
2.	The Composition of the CSR Committee.	<p>Sri L.N.Agarwal - Chairman</p> <p>Sri R.Surender Reddy - Member</p> <p>Sri Paritosh K.Agarwal - Member</p>
3.	Average net profit of the Company for last three financial years (Profit before Tax)	₹2588.19 Lakhs
4.	Prescribed CSR expenditure (two percent of the amount as in Item 3 above)	₹51.76 Lakhs
5.	Details of CSR spent during the financial year.	
	a) Total amount to be spent for the financial year;	₹51.76 Lakhs
	b) Amount unspent, if any;	₹ 10.49 Lakhs
	c) Manner in which the amount spent during the financial year is detailed below.	

(Figures in ₹)

Sl. No.	CSR Project Or Activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local Area Or Other (2) Specify The State & Dist. Where Projects Or Programmes Was Undertaken	Amount Outlay (Budget) Profect Or Programs Wise	Amount Spent On The Projects Or Programs (1) Direct Expenditure On Projects Or Programs (2) Overheads	Cumulative Expenditure Up To The Reporting Period For The Fy 2015-16	Amount Spent: Direct Or Through Implementing Agency
1	Renovation of School	Promoting Education	MPP Middle School, Vittai Pally, Amangal, Mahboobnagar Dist., Telegana	2,000,000	1,110,680	1,110,680	Direct by the Company
2	Renovation of School	Promoting Education	Konapur School, Amangal, Mahaboobnagar Dist, Telegana	500,000	427,138	427,138	Direct by the Company
3	Sponsor-A-Child(SAC) Scheme	Promoting Education	Hyderabad, Telangana	80,000	80,000	80,000	Vivekananda Vidya Vikas Kendra
4	Rural & Tribal Children Education	Promoting Education	Hyderabad, Telangana	100,000	100,000	100,000	AIM For Seva
5	Books Distribution	Promoting Education	ZP High School, Khanput Village, Talakondapally Mandal, Mahaboobnagar	20,000	17098	17,098	NAVACHETANA BOOK HOUSE
6	Orphanage	Orphanage & Education to Children	Andhra Pradesh	1,000,000	1,000,000	1,000,000	Sri Venkateswara Sarvasreyas Trust
7	Skill Development Through Training	Skill Development	Hyderabad, Telangana	125,000	123,447	123,447	Direct by the Company Through Clothing Manufacturing Association India(CMAI)
8	Humanitarian Social And Holistic Intervention	Promotion & Development of Traditional Arts	Hyderabad, Telegana	350,000	337,500	337,500	KHUSHIL - KFHTSAHI
9	Development of Art, Pro National Heritage & Art Culture	Promotion & Development of Traditional Arts & Protection of National Heritage	Ramtek, Nagpur, Maharastra	100,000	100,000	100,000	KALIDAS SAMAROH AYOJAN SAMITI
10	Sponsorship for 5Th AFC Medical Conference	Promotion Sports	Hotel JW Marriot, Aero City, New Delhi	100,000	100,000	100,000	AIFF-AFC MEDCON
11	Protection of National Heritage	National Heritage	Ramtek, Nagpur, Maharastra	500,000	345,713	345,713	Bhartiya Janaseva Mandal
12	Contribution for Animal Welfare at Nehru Zoological Park	Animal Welfare Project	Hyderabad, Telegana State	115,000	30,000	115,000	CURATOR, NEHRU ZOOLOGICAL PARK
13	Gau Seva	Animal Welfare Project	Hyderabad, Telegana State	60,000	15,000	60,000	BHAGYANAGAR GAU SEVA
14	Tree Plantation Programme	Environmental protection & Agroforestry	Amangal Mandal, Mahaboobnagar Dist., Telangana	210,000	210,000	210,000	Council for Green Revolution
	<b>TOTAL</b>				4,126,576	4,126,576	

## Annexure 4

# Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st March, 2016

### 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**

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

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and 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, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
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, 2016 ("Audit Period") according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- 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 there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 there under
  - ii) The Electricity Act, 2003 and rules and regulations made there under
- vii. I, have also examined compliance with the applicable clauses of the following:
- a. The Listing Agreement entered into by the Company with the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.
  - b. Secretarial Standards issued by the institute of Company Secretaries of India in respect of board and general meetings of the Company.

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

3. I, further report that:
- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
  - b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
4. I, further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
5. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above

Place: Hyderabad  
Date: 25th May, 2016

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

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

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## Annexure 'A'

To,  
The Members  
**Suryalakshmi Cotton Mills Limited**

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: 25th May, 2016.

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

## Annexure 5 to

# Directors' Report

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

### A. Conservation of Energy

- (i) the steps taken or impact on conservation of energy;
- (ii) the steps taken by the company for utilising alternate sources of energy;
- (iii) the capital investment on energy conservation equipments;

1. All the manufacturing Units take conscious efforts in conserving energy in different forms like energy conservation projects, minimizing wastage, use of alternate sources, etc.
2. An energy audit was undertaken by Govt. recognized person to improve upon the energy conservation measures. The recommendations from the audit were implemented. The Company's consumption of energy per units of production is one of the lowest in the industry.
3. To conserve energy the company has been replacing existing conventional tube light with LED (1000 LED) lights and the same will be implemented in the whole plant phase wise.
4. Bus Bar Trunking Systems (BBT) for minimizing power transmission losses.
5. Use of Capacitors in the panel to maintain unique power factor.
6. Use of Variable Frequency Drive (VFD) on the Humidification plants for power conservation.
7. Use of Invertors on all the machines for power conservation.

Investment - ₹132 Lakhs

## 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.	₹243.11 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)	
	2015-16	2014-15
<b>Foreign Exchange Earned</b>		
FOB Value of Exports	13,603.02	8,112
CIF Value of Exports	13,918.38	8,294
<b>Foreign Exchange Used</b>		
(a) Commission on export sales	144.22	133
(b) Foreign Travel Expenses	26.33	31
(c) Raw material	9.15	782
(d) Plant / Machinery & Others	2,309.49	266
(e) Stores & Spares	2,282.25	2,201
(f) Repayment of loans	1,331.12	589
(g) Interest	138.25	151
(h) Foreign Technical and Consultancy Services and	13.64	10
(i) Others	89.78	39

## Annexure 6

# Management Discussion & Analysis



### Economic overview

#### Global Economy

The global economy grew by modestly by 3.1% in 2015, as fluctuations in growth remained due to the paradox between the economic scenario of the advanced and emerging economies. The three key reasons contributing to the subdued global economic outlook are, 1) gradual slowdown and rebalancing of economic

activity in China, which witnessed a shift from manufacturing and investments towards consumption and services, 2) declining prices of energy and commodities 3) a gradual tightening in monetary policy in the United States in the context of resilient US recovery, while several other major advanced economy central banks continue to ease monetary policy

#### Projected Future growth rates

(%)	2015	2016 E	2017 E
Global economy	3.1	3.2	3.5
Advanced economies	1.9	1.9	2.0
Emerging Market & Developing economies	4.0	4.1	4.6

(Source: IMF, 2016)

Going ahead, it is expected that the activities in US would remain resilient, supported by easy financial conditions. This would be backed by strengthening housing and labour markets. However, the increasing strength of dollar weighing on manufacturing activity and declining oil prices would keep the economic growth rate steady at 2.1% by 2017. Further, policymakers in emerging market and developing economies need to press on with structural reforms to alleviate infrastructure bottlenecks, facilitate a dynamic and innovation-friendly business environment, and bolster human capital.

### Indian Economy

India is riding a steady growth trajectory, as it witnessed an economic growth by 7.6%, i.e. 30 basis points above the last year's figure. On the backdrop of the country's evolving scenario, the government's vision of launching India's economy onto the double-digit growth trajectory by 2020 is likely to be achieved.

The IMF recently projected that India will continue to grow by a robust 7% plus growth rate in 2016-17 and 2017-18. This shall

place India as the fastest growing economy in the world in two years and would continue its lead over China.

Monetary and fiscal restraint, the fall in global crude oil prices and a moderation in food price inflation have contributed to a steep drop in inflation and a narrowing of current account and fiscal deficits.

India is well positioned to withstand near-term headwinds and volatility in global financial markets due to reduced external vulnerabilities, a strengthening domestic business cycle, and a supportive policy environment. With reforms gaining momentum in terms of execution, the growth is expected to strengthen to 7.6% in FY2016-17 as per Reserve Bank of India. Progress on infrastructure improvements and government efforts to boost investment are expected to offset the impact of any tightening of borrowing conditions resulting from tighter U.S. monetary policy. Such investment will also lift potential growth over the medium term. Low international energy prices and domestic energy reforms will ease energy costs for Indian firms that tend to be energy intensive.

### Growth rate projections

	2015	2016E	2017E
India	7.3	7.5	7.5
China	6.9	6.5	6.2
Japan	0.5	0.5	(0.1)
USA	2.4	2.5	2.5

(Source: IMF, World Economic Outlook, 2016)



### Industry Overview

#### Global Textile and Apparel Scenario

The textile and apparel sector is considered to be the sunrise sector, which makes significant contribution towards the economic growth of any country. The sector has generated employment and

“The global apparel industry was worth \$1.3 trillion as of 2014, which comprises about 2% of the world GDP. The world garment industry is projected to be growing at a CAGR of 5% and is likely to reach market size worth \$2.21 trillion by 2025.”

added significantly to the manufacturing output across the globe right since the era of industrial revolution.

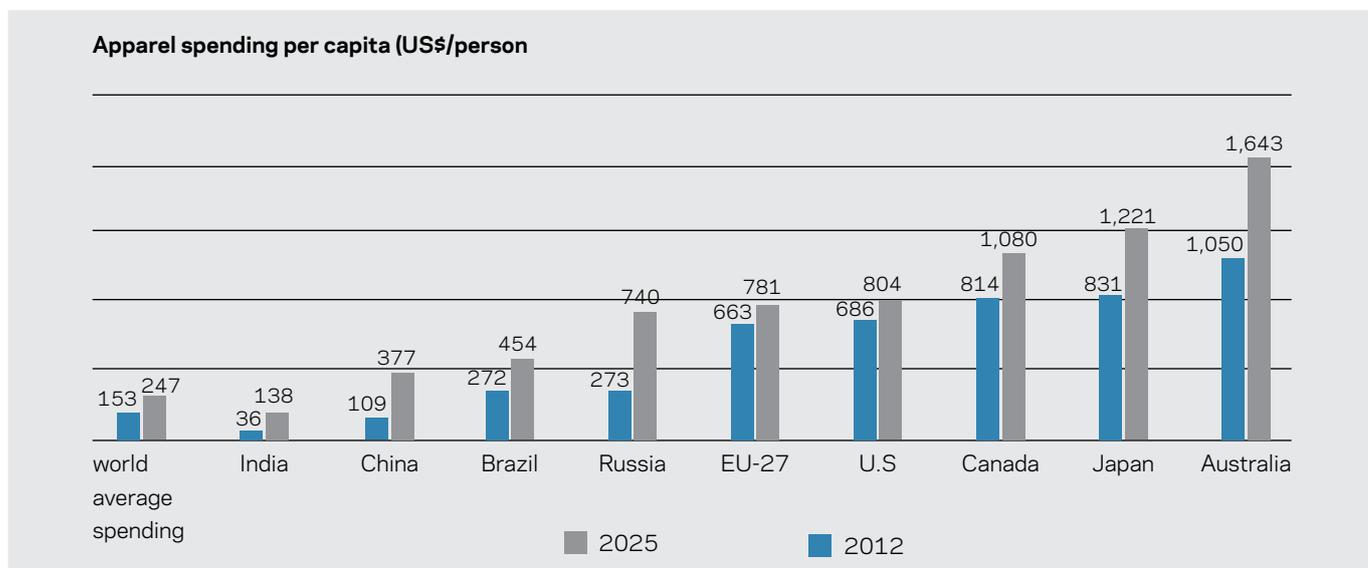
Currently, the industry has evolved through distinct consumption and production hubs. Production was earlier located in developed economies such as the US and UK, but over the years

manufacturing has shifted to developing economies like India, China, Bangladesh etc. due to the cost advantage offered by these countries. Developed economies have now emerged as major consuming hubs while developing economies are still evolving as consumers.

The global apparel industry was worth \$1.3 trillion as of 2014, which comprises about 2% of the world GDP. The world garment industry is projected to be growing at a CAGR of 5% and is likely to reach market size worth \$2.21 trillion by 2025.

### Per Capita spending

Apparel spending per capita in the world in 2012 reached US\$153 and is forecast to increase to US\$247 in 2025. There is a big difference in apparel spending per capita between developed countries and developing countries. Australia has the highest apparel spending per capita with US\$1,050 per year, while India is the country with the lowest apparel spending per capita among major emerging economies; only about 3% of Australia's and 23.5% of the average apparel spending of the world. Australia is forecast to remain the highest apparel spending per capita in the world by 2025.



66 As per the UN Comtrade database, the top 5 textile and apparel exporting nations in 2013 were China, India, Italy, Germany and Turkey. China continued to lead the pack among these five nations, while India jumped to second place, outpacing Germany and Italy. 99



### Indian textile and apparel scenario

#### Market overview

India is the 2nd largest global producer of textiles and garments. The textile sector plays a key role in the Indian economy by way of

significant contribution to GDP, manufacturing output, employment generation and export earnings. The Indian textile industry is currently projected to be worth \$108 billion. This particular sector contributes 17% of the country's total exports earnings. In terms of

global rotor capacity, India's share accounts for 10%. India has the highest loom capacity in the world, including handloom with 59% of the global market share. The domestic textile and apparel industry in India is estimated to reach ₹ 6 lakh crore by 2016-17 from ₹ 4.02 lakh crore in 2013-14. *(Source: Government of India, Textile Policy)*

### Raw material

India has 1/3rd of the global area under cotton cultivation. Production of raw cotton grew with a CAGR of 7% in the last 13

years, from 2.65 million tons in 2000 to 6.8 million tons in 2013. Man-made fibre production in the country is more than 3 million tons. India processed about 8 million tons of textile fibres in 2013 which is 9% of the global fibre consumption. Out of this, the share of cotton is 5.1 million tons which is 22% of global cotton consumption. India's fibre consumption has grown at a CAGR of 3.5% in the last 13 years. Cotton has advanced at a CAGR of 4% where MMF has grown at a CAGR of 2.5% in the last 13 years. *(Source: Cotton Association of India, 2015)*

### Did you know?

14%

Contribution of textile sector to country's Industrial Production

4%

Contribution of textile sector to country's GDP

17%

Contribution of textile sector to country's export earnings

4.5cr

Employment generation by textile sector in India (directly or indirectly)

India is also among the few global players who produce a variety of apparels and yarns. Apart from the 100% cotton yarn, various other fibres are spun with cotton in order to produce different blended yarns. Polyester/cotton, acrylic/cotton and cotton/viscose are some of the major blended yarns produce in the country.

### Exports

India's textiles and apparels industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors to India's exports. The report of the working group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17) envisages India's exports of textiles and apparels at US\$ 64.41 billion by the end of March, 2017. As per the UN Comtrade database, the top 5 textile and apparel exporting nations in 2013 were China, India, Italy, Germany and Turkey. China continued to lead the pack among these five nations, while India jumped to second place, outpacing Germany and Italy. When compared to the world, India's market share stand at 5%, leaving room for huge opportunity. *(Source: Assocham India, 2016)*

### Road ahead

The future of the industry seems quite promising as both domestic consumption and international demand are expected to rise. According to estimates, the organised apparel segment might grow at a CAGR of more than 13% over the next 10 years. The industry is projected to reach size of \$223 Billion by 2021. On the other hand, exports from the sector might reach \$185 Billion. *(Source: India in Business)*

### Segment review

#### Yarn

##### Production

Global production of cotton during the crop year (CY) 2015-16 is projected to be ~129.9 million bales, which is ~6.7% lower than that of the previous year. The consumption of the same also fell by ~3.3% and amounted to ~140.4 million bales. The decline in consumption of cotton has been driven by the decline in the price of crude, which in turn has improved the PSF's (polyester staple fibre) competition over cotton.

##### Polyester Yarn

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

#### Denim

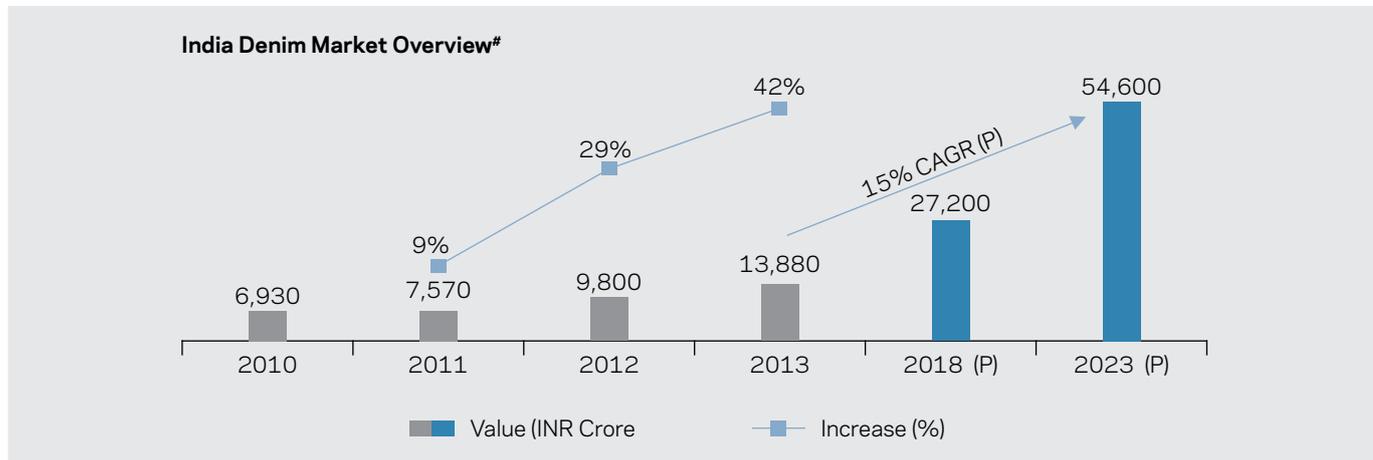
##### Overview

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

gradually increasing their share of denim consumption. The per capita consumption of denim in India is 0.3 pairs, while the same in China and USA are 1 and 8 pairs, respectively. Denim has emerged as the most promising segment in the Indian apparel market. As in 2013, denim accounted for 5% of the total apparel industry in India. As far as the numbers are concerned, the Indian denim market size was worth ₹13,880 crore in 2013, which is expected to grow to ₹27,200 Crore by 2018 at a CAGR of 15%. About 85% of its contribution in India is collected from the men's wear segment and 9% of it comes from the women's denim segment, while the remaining 6% comes from kids section.

### Consumption analysis

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



### Outlook

Denim proved to be one of the fastest growing apparel segments in India, as the capacity of Indian denim in 2015 accounted for 1.2 billion meters per annum (bmpa), as compared to 700 million meters in 2010. It is expected that the capacity would further grow to 1.5 bmpa by 2020. Out of the overall textile exports, 35% is contributed by exports of denim, which is expected to contribute up to 45% by 2020. (Source: SKBKS Report, January 2016)

### Finished Garments

After China, India is the second largest manufacturer of garments in the world. The availability of raw materials in abundance and lower labour cost in India are few of the reasons why the global brands are looking to add incremental sourcing from India instead of China. With the growth in dis-posable income among the Indian households and the rise in the numbers of middle class families, it is expected that demand for finished garments would rise significantly in the upcoming years. The consumer spending in India is likely to double to USD 2.4 trillion by FY 19 and is expected to reach USD 3.6 trillion. At this pace, India is likely to emerge as the fifth largest consumer economy by 2025. These factors are certainly likely to add to the growth of the apparel market.

### SWOT Analysis for the textile industry

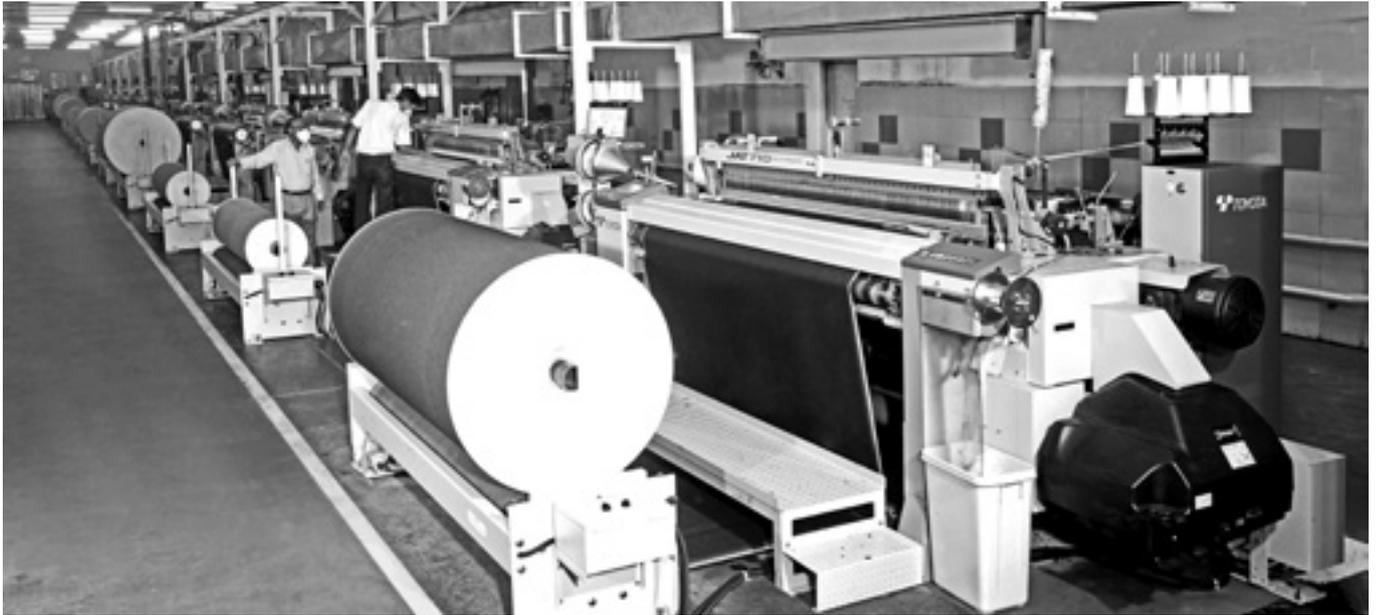
#### Strengths

**Abundant raw materials :** Raw materials required by the textile industry are available in abundance. This not only allows the manufacturers to controls costs but also reduces lead-time across the entire operation.

**Leaders in capacity :** India is among the global leaders in terms of rotor and spindle capacity, which allows more international companies to rely on the Indian textile industry. In addition, the industry has the world's highest loom capacity, which ensures leadership.

**Skilled man-power :** Availability of low cost skilled man-power helps the manufacturers to reduce operational costs. In India, experienced manpower are available at competitive costs. With availability of efficient and low cost man power, the industry can grow quite remarkably.

**Growth in individual income :** With the Indian economy showcasing steady growth, household in-come is increasing, therefore leading to rise in demand for apparels.



**Preference for brands :** With the increasing number of middle class families, preference for branded wear has been noticed, which is expected to increase demand for the same in the years to come.

**Leading exporter :** Over the years, India has emerged among the top two manufacturers and exporters of textile in the world. Being at such a position would surely allow more brands to look forward to India as their sourcing base.

#### **Weaknesses**

**Prudent product mix :** Most of the apparels developed in India is based on cotton, either directly or indirectly. The manufacturers have to prudently adapt to a value-accretive product mix to expand their market reach.

**Unfavourable tax regime :** Despite being among the largest employment generating sector and contributing largely to the GDP growth of the country, the sector faces challenges regarding regulations and reforms.

**Highly fragmented industry :** The Indian textile industry is one of the most unorganised sectors with high fragmentation. This has held back the industry to fall behind from achieving its true potential.

**Infrastructure bottlenecks :** There are certain bottlenecks that are restricting the textile industry in India to operate efficiently. A strengthening road and ship network would only further boost the sector - both domestically as well as globally. These issues have to be resolved in order to prosper the infrastructural development.

#### **Opportunities**

**Rising disposable income :** Rising disposable incomes and evolving lifestyles of India's prospering urban consumer, are broadening their clothing needs. Today, Indians are more inclined to buy apparels for a specific purpose, than consumers in other markets.

**Fast Fashion :** Rising urbanisation leads to increase in demand for new designs and fashions to match new lifestyles.

**Growing exports :** India has overtaken Germany and Italy to emerge as the world's second largest textile exporter but lags behind China, whose exports are nearly seven times higher. This presents a huge opportunity for the industry in the coming years.

**High industrial growth :** Average yearly growth rate for the Indian textile industry ranges around 6-8%. With production costs getting higher in China, it is quite likely for the international players to move into India for meeting their demands. This will allow the industry to grow further in the near future.

**Foreign Direct Investment (FDI) :** The Indian government has positioned the textile industry to be one of the most important manufacturing sectors that would lead the country in its quest to become a manufacturing hub. In order to improve the functions and operations of the industry and to ensure industrial growth, the government has allowed 100% FDI in the textile sector. In fact, India's FDI policies are the most liberal and transparent as compared to that of other emerging nations.

## Threats

**Shortened fashion cycle:** With fashion being a global phenomenon, the life-cycle of a particular trend or style has reduced immensely. With a number of designs becoming obsolete every year, many of the manufacturers have to stay up to date about fashion trends in order to sustain their existence.

**Competition :** India competes with China and other emerging countries in terms of textile manufacturing and sourcing to the global brands. Such competition can be challenging for the Indian textile industry.

**Environment concern :** The manufacturing activities of the textiles and apparels industry greatly impact the environment in the form of air and water emissions. Alternative process solutions that are eco-friendly and cost effective are therefore necessary, to meet the increasing demands of the ever-growing and competitive market, in a sustainable manner.

## Government initiatives

**Textile Parks :** The Ministry of textiles has proposed an investment of Euro 4 billion (₹30,000 crore) in 74 textile parks that would be set up in the country.

**Disbursement of textile funds :** The government had initially estimated disbursement of ₹18,000 crore under the Technology Funds Scheme (TUFS) but with the increasing interest from the textile industry and the opportunities that lie ahead, the government is now looking to disburse textile funds of around ₹30,000 crore under ATUFS scheme by 2022.

## Company Overview

### Introduction

Suryalaxshmi 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

**Maharashtra State Textile Policy :** The New Textile Policy of Government of Maharashtra provides several benefits to boost the textile manufacturers. Interest rate subsidies on long-term loan, capital subsidy, tax benefits are some of the reforms that have led manufacturers to enhance their capital returns.

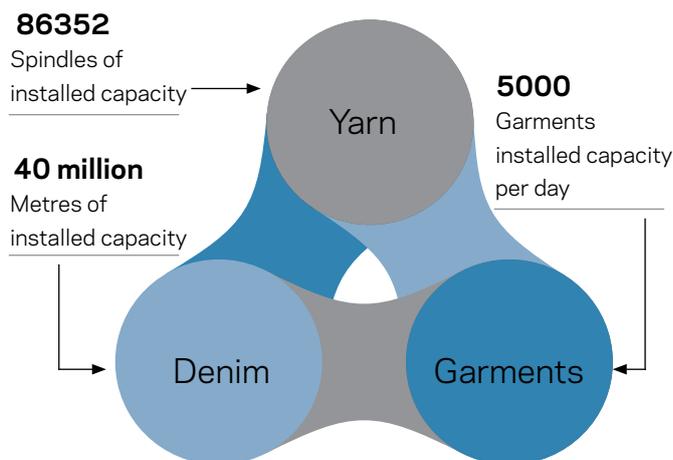
**Export target :** The new textile policy sets a target to achieve Euro 261 billion textile exports by 2024-25 and generate employment opportunities with an additional 35 million jobs. The policy is expected to accommodate a series of reforms to make India a true manufacturing hub in textiles sectors so that Indian textiles players can take maximum advantages of the slowdown in Chinese textiles industry.



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.

## Integrated business model

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



## Product mix

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

## Accreditations

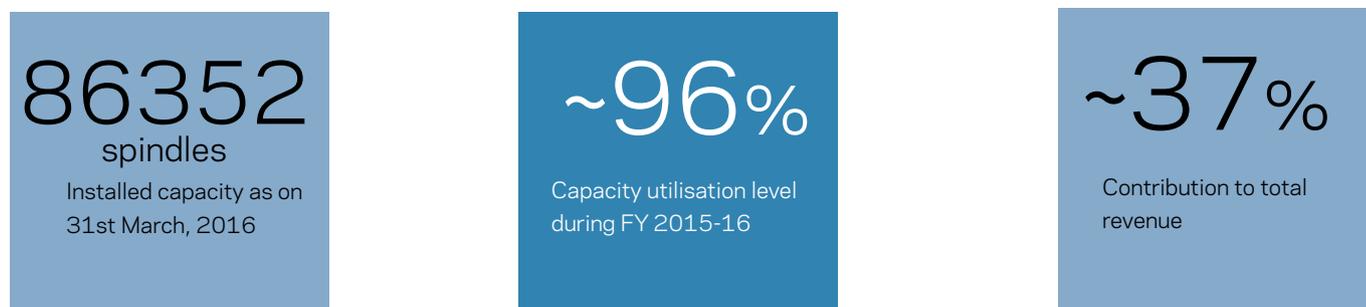
Our committed manufacturing operations have earned us quite a

number of global certifications across important areas including quality, environment, health & safety, as well as ethical values.

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

## Business Segments Overview

### Yarn



Suryalakshmi Cotton Mills was primarily set up as a yarn manufacturing Company, gradually integrating towards fabric and garments. We specialise in producing cotton, polyester and blended yarns and supply them to both domestic as well as international customers. Traditionally being a cotton yarn producer, today we have widened our yarn portfolio to specialised yarns.

### Manufacturing units

We possess ultramodern spinning units specialised in manufacturing cotton and synthetic yarn with current spindle capacity of 86,352, which is expected to reach 90,000 spindles by the next financial year. Our manufacturing facilities are located at Amanagallu, Mahabubnagar district in Telangana; at Amravati, Maharashtra; and at Ramtek, Maharashtra.

### Technology

Our spinning operations are technologically advanced, with machineries from top global vendors. We have regularly upgraded our technology, adapting to evolving industry sentiments, and ensuring customer satisfaction and business sustainability.

### Capacity & Market presence

With the recent completion of our capacity at Amravati Textile Park, we have reached a total capacity of 86,000+ spindles. This has allowed us to widen our portfolio with value-added yarns, complementing our captive needs for niche products. With the new-age technological advanced machines, we are confident of achieving highest quality levels in the industry. In addition to our captive needs, we also market yarn in the domestic and export markets.

## Denim

40<sub>mn</sub> mts

Installed capacity as  
on 31st March, 2016

~95%

Capacity utilisation level  
during FY 2015-16

~54%

Contribution to total  
revenue

3<sup>rd</sup>

Ranked in the country  
as single-site denim  
manufacturer

### Overview

Having two decades of experience, we have steadily cemented our place as a preferred supplier of quality denim to the leading international brands in the world today. We continue to remain focused on innovative craftsmanship and development of value added fabrics in order to meet the demand of world fashion.

### Manufacturing

Being a market leader in terms of quality, at Suryalakshmi Cotton Mills Limited we focus on the quality of denim we produce. The manufacturing facility located at Ramtek in Maharashtra has an installed capacity of 40 million meters per annum, which is among the highest in the industry.

### Product mix

Fashion and style continue to evolve rapidly, with life-cycle of fashion getting shorter. With these changing aspirations, we at Suryalakshmi are committed to deliver superior products (in denim) to our diverse client portfolio. Our competent manufacturing capabilities ensures production of a expansive range of denim fabrics. Collaborating with our international team, we study the evolving fashion trends, and develop products accordingly. A niche collection of fabrics, in terms of texture, wash, colour, shades are researched and manufactured every year, helping us strengthen our partner relationship.

### Summer and Winter Collections

With an increasing global presence, the Company has adapted strategically to global fashion. The Company's fashion team works closely to launch Spring-Summer and Autumn-Winter collections during the year. Having a niche portfolio of global partners, this initiative has helped us emerge more as a partner than just a manufacturing vendor.

### Garments

Over the years, Suryalakshmi Cotton Mills has partnered with some of the leading readymade garment brands in the world. We are one of the leading Original Denim Supplier (ODM) suppliers of high-quality garments to renowned names in Denim industry. SCML functions across all the fashion wear segments, ranging

from menswear, women wear to kids wear.

SCML continuously focuses on product development backed by our collaboration with insights from fashion experts from around the globe. With a capacity of 5,000 garments per day, the Company is the hand behind leaders in domestic and global denim garment industry.

### Company Strengths

- **Value added products** : Suryalakshmi Cotton Mills focuses on development of high-margin qualitative products for our customers. This helps us to stay ahead of the competition, enabling us to serve global multinationals.
- **Quality** : Our commitment towards maintaining high quality has already been accredited by a number of global rating institutions. SCML's quality measures have earned the customer's trust and that leads to be one of the most important aspects of our success.
- **Modern technology** : We are dedicated to stay ahead in the competition. In order to deliver according to the latest trends of the garment industry, we invest regularly in the latest advanced technology.
- **In-house design team** : We have a dedicated design team in Italy, guiding them on changing fashion trends from the fashion capital. The team monitors the global trends allowing us to cater changing customer needs.
- **Capacity** : We enjoy having one of the largest denim fabric and garment capacity in the industry. Being integrated, it also leverages our economies of scale.
- **Diverse product mix**: Our ability to produce an extensive range of products (across the three business segments) provides us with a unique competitive edge. A range of products not only acts a catalyst for zero quality defect in our integrated business, but also helps us expand our market reach.
- **Environment friendly** : Our manufacturing facilities are benchmarked with global standards to ensure compliance to ecological balance. The manufacturing sites are integrated to recycle the waste generated, ensuring they zero discharge.

▪ **Captive power** : Our 25MW thermal power unit reduces our dependency on external power, and also provides cost competitiveness.

## Risks and Mitigation

### ▪ Economic slowdown

**Risk:** Since the fashion industry is directly linked with the macroeconomic scenario of the world, any slowdown in the global economy can impact our top line.

**Mitigation:** Despite global economy being volatile, major advanced and emerging economies have been able to sustain growth. Consumption driven investments are on the rise in several economies, leading to increased demand for apparels and fashion.

### ▪ International competition

**Risk:** There are many emerging countries where production costs are relatively lower than that of India. This might lead the foreign brands to move to those countries.

**Mitigation:** We are committed to provide products with quality at competitive pricing. This allows the brands to trust us and which has helped us develop strong relation with our customers.

### ▪ Currency volatility

**Risk:** India is witnessing a positive economic scenario as it is steadily moving towards a double-digit growth trajectory.

**Mitigation:** While currency volatility is linked to fluctuation in commodity prices, cotton prices are less affected in such a scenario. Also, any depreciation to rupee shall lead to higher foreign exchange earnings, as Company derives a significant share of revenue from exports.

### ▪ Fast fashion

**Risk:** Evolving fashion trends, requires outsourcing manufacturers to adapt at the earliest. With increasing competition, the international brands continuously demand new products to ensure

loss of market share. The inability to stand to these changing fashion trends, might lead to loss of clients for the Company.

**Mitigation:** In order to keep such threats at bay, we have recruited a broad design team (domestically and globally) in Italy, working closely with the global fashion gurus. The team monitors the trends around the world and helps us evolve and interpret contemporary trends. In addition to that, our R&D team develops new shades, fabrics and textures every year and launches them in their bi-yearly trend books.

### ▪ Rise in raw material prices

**Risk:** Cotton is the major raw material used by the Company. Increase in its prices impacts the overall cost of production for us. Such a scenario might impact our margins.

**Mitigation:** Our manufacturing plants are located near high cotton growing areas. This allows us to reduce our transportation costs. In addition to that, we gather the requirements in bulk from the government agencies at reasonable costs. Hence, the raw material costs would not impact much to our profit levels.



## Material Developments in Human Resources/ Industrial Relations Front, Including Number of People Employed:

There were no material developments in the Human Resources area. The industrial relations were generally found satisfactory. The Company constantly reviews its manpower requirements and has a dedicated and well-equipped department to take care of the same. The total number of people employed by the Company is 3600.

## Discussion on Financial Performance

### Operations

The year 2015-16 was another year of significant achievements for the Company. The Company showcased its operational excellence, with strong bottom line performance. The net sales for the year ended 31st March, 2016 stood at ₹760 Crores registering a growth of 8% over the previous year. However, the net profit after tax surged by more than 146% as compared to previous year. This was primarily due to two reasons: 1) Higher per unit realisations and 2) Enhanced operational efficiencies.

During the year the Company's new spinning unit at Amravati got commercialized towards end of the first half. The production of value-added fancy yarns from this unit is already under captive consumption for production of denim fabric at our Denim division. Our production of denim fabric also increased by 11%. The operations of the power division are also satisfactory, with the Amravati unit also drawing power from the Company's captive power plant.

While our fabric and garment divisions posted higher realisations, the realization from the yarn division has been subdued (both in domestic and export markets) by around 9%. The sales of Denim division increased by 11% and our per meter Denim fabric realization improved to ₹153.06 from ₹142.34 achieved in the previous year. Our focus on expanding the quantum of exports had started yielding results as our fabric exports nearly doubled from ₹64 crs. to ₹125 crs in 2015-16. The garment realization in both domestic and exports market have been higher increasing by around 14%. Our external (third party) power sales have also improved despite the rate per unit being lower.

On the input costs side, the raw material prices have been favourable except in Viscose Staple Fibre. Cotton prices have been cheaper by around 9%, while coal was available at base price, but at slightly better prices than last year.

## Internal Control Systems and their Adequacy

The Company has an adequate internal control system in place, commensurating 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, etc., which are valid only at the time of making the statements. A variety of factors known/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.

# 3

## CHAPTER THREE

### FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

To the Members of  
**SURYALAKSHMI COTTON MILLS LIMITED, SECUNDERABAD.**

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements:

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

- 
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26 (1) to (5) of financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**(K.SHRAVAN)**

Partner

Membership No. 215798

Place : Hyderabad  
Date : 25.05.2016

## Annexure - A to the Auditors' Report:

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

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.  
c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.  
b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period more than six months from the date, they become 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 (Rs in Lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	32.89	2005-06	CESTAT, Mumbai
Foreign Trade (Development & Regulations) Act, 1992	TPS #	3307.33	2004-05	Jt. DGFT, Hyderabad
Customs Act, 1962	Customs Duty #	559.37	2004-05	DRI, Hyderabad
	Custom Duty	61.49	2009	Hon'ble High Court of Judicature of A.P.
Income-Tax Act, 1961	Income Tax	40.87	2012-13	CIT(A), Hyderabad

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

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with

sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**(K.SHRAVAN)**

Partner  
Membership No. 215798

Place : Hyderabad  
Date : 25.05.2016

## Annexure - B to the Auditors' Report

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

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

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### Opinion

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

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

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

**(K.SHRAVAN)**

Partner  
Membership No. 215798

Place : Hyderabad  
Date : 25.05.2016

## Balance Sheet As at 31st March 2016

Particulars	Note No.	(Figures in ₹ Lakhs)	
		As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	2,544.53	2,544.53
(b) Reserves and surplus	2	31,037.61	29,633.73
		<b>33,582.14</b>	<b>32,178.26</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	16,823.87	12,442.02
(b) Deferred Tax liabilities (Net)		3,743.11	3,253.11
(c) Long-term provisions	4	465.06	447.20
		<b>21,032.04</b>	<b>16,142.33</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5	15,811.01	11,449.79
(b) Trade payables		7,266.03	6,065.07
(c) Other current liabilities	6	6,629.50	7,505.46
(d) Short-term provisions	7	1,650.66	1,054.86
		<b>31,357.20</b>	<b>26,075.18</b>
<b>Total</b>		<b>85,971.38</b>	<b>74,395.77</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	8		
(i) Tangible assets		49,132.03	41,812.80
(ii) Intangible assets		38.14	63.10
(iii) Capital work-in-progress		285.61	1,021.56
(a) Long-term loans and advances	9	501.45	396.49
(b) Other Non Current Asset	10	169.26	60.95
		<b>50,126.49</b>	<b>43,354.90</b>
<b>2 Current assets</b>			
(a) Current investments	11	6.33	9.76
(b) Inventories	12	15,632.23	13,790.79
(c) Trade receivables	13	12,079.94	10,338.18
(d) Cash and cash equivalents	14	864.38	980.40
(e) Short-term loans and advances	15	2,689.35	3,161.54
(f) Other current assets	16	4,572.66	2,760.20
		<b>35,844.89</b>	<b>31,040.87</b>
<b>Total</b>		<b>85,971.38</b>	<b>74,395.77</b>

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

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

### K. Shravan

Partner  
Membership No.215798

Place : Secunderabad  
Date : 25th May, 2016

**E.V.S.V. Sarma**  
Company Secretary

**P.S. Subramanyam**  
President (Finance)

For and on behalf of the board

**L. N. Agarwal**  
Chairman & Managing Director

**Paritosh K. Agarwal**  
Managing Director

**Navrang Lal Tibrewal**  
Director

## Statement of Profit and Loss for the year ended 31st March 2016

(Figures in ₹ Lakhs)

Particulars	Note No.	(Figures in ₹ Lakhs)	
		Current Year 31st March, 2016	Previous Year 31st March, 2015
I. Revenue from operations	17	75,979.80	70,500.91
II. Other income	18	1,335.04	933.31
<b>III. Total Revenue (I + II)</b>		<b>77,314.84</b>	<b>71,434.22</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	19	40,308.80	39,847.43
Purchases of Stock-in-Trade		1,144.31	1,532.74
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	(2,569.06)	(761.71)
Employee benefits expense	21	6,715.17	5,492.32
Finance costs	22	3,431.37	3,367.15
Depreciation and amortization expense	23	3,132.07	3,179.59
Other expenses	24	20,663.63	16,933.46
<b>Total expenses</b>		<b>72,826.29</b>	<b>69,590.98</b>
<b>V. Profit before exceptional items and Tax</b>		<b>4,488.55</b>	<b>1,843.24</b>
<b>VI. Exceptional Items (Add / Less)</b>			
A) Sales Tax Subsidy		-	121.72
B) Arrears of Wages as per Workers' Agreement		(7.80)	(133.79)
C) Others		(36.60)	-
<b>VII. Profit before Tax</b>		<b>4,444.15</b>	<b>1,831.17</b>
<b>VIII. Tax expense :</b>			
(1) Current tax		949.00	382.00
(2) Deferred tax		490.00	232.36
<b>Sub-Total-Tax expense :</b>		<b>1,439.00</b>	<b>614.36</b>
<b>IX. Profit for the period, after tax</b>		<b>3,005.15</b>	<b>1,216.81</b>
<b>X. Earnings per equity share:</b>			
(1) Basic		17.59	7.35
(2) Diluted		17.59	7.00

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

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

### K. Shravan

Partner  
Membership No.215798

Place : Secunderabad  
Date : 25th May, 2016

**E.V.S.V. Sarma**  
Company Secretary

**P.S. Subramanyam**  
President (Finance)

For and on behalf of the board

**L. N. Agarwal**  
Chairman & Managing Director

**Paritosh K. Agarwal**  
Managing Director

**Navrang Lal Tibrewal**  
Director

## Cash Flow Statement for the year ended 31st March 2016

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET : PROFIT /(LOSS) BEFORE TAX</b>	<b>4,444.15</b>	<b>1,831.17</b>
Adjustment for		
Add: Depreciation & Amortisation expense	3,132.07	3,179.60
Finance costs	3,431.37	3,367.15
Debit balance written off	2.76	0.27
Loss on sale of assets	4.99	4.20
Diminution / in Value of Current investments	3.43	0.18
	<b>11,018.77</b>	<b>8,382.57</b>
Less: Interest Income	77.76	102.87
Profit on sale of assets	2.88	-
	<b>80.64</b>	<b>102.87</b>
<b>Operating profit before working capital changes</b>	<b>10,938.13</b>	<b>8,279.70</b>
Adjustment for changes in :		
Decrease/(Increase) in Inventories	(1,841.44)	(2,715.80)
(Increase) in Trade Receivables	(1,744.53)	622.74
(Increase)/Decrease in Long Term Loans and advances	(104.97)	23.19
(Increase)/Decrease in Short Term Loans and advances	472.20	(68.72)
(Increase)/Decrease in Other Current Assets	(1,806.65)	1,046.38
Increase/(Decrease) in Trade & other payables	1,507.47	891.70
<b>Cash generated from Operations</b>	<b>7,420.21</b>	<b>8,079.19</b>
Income tax (Net)	(559.12)	(292.26)
<b>Net cash generated from operating activities (A)</b>	<b>6,861.09</b>	<b>7,786.93</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
<b>Inflow :</b>		
Sale of fixed assets	13.96	3.35
Interest received	71.95	89.70
<b>Outflow :</b>		
Acquisition of fixed assets	(10,828.44)	(2,482.72)
Trial run expenditure incurred	(153.98)	(89.40)
<b>Net cash used in Investing activities (B)</b>	<b>(10,896.51)</b>	<b>(2,479.07)</b>

## Cash Flow Statement for the year ended 31st March 2016

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Inflow :</b>		
Increase in Share capital and Share premium	-	215.00
Increase in Preference Share Capital	-	500.00
Share Premium	-	1,397.50
Proceeds from Term Loans	8,422.85	2,810.33
(Decrease)/Increase in bank borrowings	3,839.95	(1,798.62)
Proceeds from Hire Purchase loan	105.86	0.00
Proceeds from other unsecured borrowings	1,895.80	1,174.00
Repayment of Term Loan	(5,640.40)	(4,559.95)
Repayment of Hire Purchase loan	(15.99)	(20.31)
Repayment of other unsecured borrowings	(1,080.52)	(1,175.25)
Finance costs paid	93,317.75)	(3,541.64)
Dividend paid	(241.33)	(180.44)
Dividend Distribution Tax paid	(49.07)	(31.31)
<b>Net cash generated in Financing Activities (C)</b>	<b>3,919.40</b>	<b>(5,210.69)</b>
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(116.02)	97.17
Cash/Cash Equivalents at the Beginning of the year	980.40	883.23
<b>Cash/Cash Equivalents at the end of the period</b>	<b>864.38</b>	<b>980.40</b>

For and on behalf of the board

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

**L. N. Agarwal**  
Chairman & Managing Director

**K. Shravan**  
Partner  
Membership No.215798

**E.V.S.V. Sarma**  
Company Secretary

**Paritosh K. Agarwal**  
Managing Director

Place : Secunderabad  
Date : 25th May, 2016

**P.S. Subramanyam**  
President (Finance)

**Navrang Lal Tibrewal**  
Director

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 1. Share Capital :

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of ₹10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	6,72,000	672.00	672,000	672.00
	<b>3,08,72,000</b>	<b>3,872.00</b>	<b>3,08,72,000</b>	<b>3,872.00</b>
<b>Issued</b>				
Equity Shares of ₹10 each	2,32,01,556	2,320.16	23,201,556	2,320.16
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	500,000	500.00	500,000	500.00
	<b>2,39,01,556</b>	<b>3,020.16</b>	<b>2,39,01,556</b>	<b>3,020.16</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each	1,66,72,290	1,667.23	1,66,72,290	1,667.23
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	500,000	500.00	500,000	500.00
	<b>1,73,72,290</b>	<b>2,367.23</b>	<b>1,73,72,290</b>	<b>2,367.23</b>
<b>Forfeited Shares :</b>				
	-	177.30	-	177.30
<b>Total</b>	<b>1,73,72,290</b>	<b>2,544.53</b>	<b>1,73,72,290</b>	<b>2,544.53</b>

- (a) During the previous financial year, the Authorised Capital of the Company was reclassified consisting of 3,00,00,000 Equity Shares of ₹10/- each, 6,72,000 - 10% Cumulative Redeemable Preference Shares of ₹100 each and 2,00,000 - 5% Non Cumulative Preference Shares of ₹100 each, as approved by the members in the Annual General Meeting held on 4th August, 2014.
- (b) During the previous financial year, the Company issued 21,50,000 fully paid up Equity shares of ₹10/- each at a Share premium of ₹65/- per Equity Share.
- (c) During the previous financial year, the Company has issued 5,00,000 - 10% Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, to part finance Company's Spinning Project at Amravathi, near Nagpur, Maharashtra. The same will be redeemed on 18th August, 2026.
- (d) 80,32,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.
- (e) During the financial year 2013-14, the Company has issued 2,00,000 - 5% Non Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, as per the Schme of Amalgamation, to the preference shareholders of erstwhile Suryakiran International Ltd. The same will be redeemed on 21st December, 2021.

## Notes forming part of the Financial Statement As at 31st March, 2016

(f) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule III to the Companies Act, 2013 (Following disclosure should be made for each class of Shares)

(Figures in ₹ Lakhs)

Particulars	Equity Shares		5% Non-Cum. Redeemable Preference Shares		10% Cum. Redeemable Preference Shares	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Shares outstanding at the beginning of the year	1,66,72,290	1,45,22,290	2,00,000	2,00,000	5,00,000	5,00,000
Shares Issued during the year	-	21,50,000	-	-	-	-
Shares redeemed / bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	1,66,72,290	1,66,72,290	2,00,000	2,00,000	5,00,000	5,00,000

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

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>a) Equity Shares :</b>				
Smt. Satyabhama Bai	30,23,032	18.13	30,23,032	18.13
Sri Shailesh Mulchand Savla	15,00,000	9.00	16,00,000	9.60
Sri Paritosh Agarwal	14,78,472	8.87	14,78,472	8.87
Sri L N Agarwal	13,64,516	8.18	13,64,516	8.18
Master Vedanth Agarwal	10,65,356	6.39	10,65,356	6.39
Smt. Padmini Agarwal	9,71,815	5.83	9,71,815	5.83
<b>b) 5% Non-Cum. Preference Shares :</b>				
SVP Distributors Private Limited	2,00,000	100.00	-	-
Sri Paritosh Agarwal			75,000	37.50
Sri L N Agarwal			1,25,000	62.50
<b>c) 10% Cum. Preference Shares :</b>				
SVP Distributors Private Limited	5,00,000	100.00	-	-
Smt. Satyabhama Bai			2,50,000	50.00
Aparna Agarwal			2,50,000	50.00

### Note 2. Reserves & Surplus :

(Figures in ₹ Lakhs)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
<b>a. Capital Redemption Reserve</b>		
At the commencement of the year	2.09	2.09
Closing Balance	2.09	2.09
<b>b. Securities Premium Account</b>		
At the commencement of the year	8,252.01	6,854.51
Add : Premium @ 65/- per Share on 21,50,000 Equity Shares	-	1,397.50
Closing Balance	8,252.01	8,252.01
<b>c. Revaluation Reserve</b>		
Opening Balance	7,685.17	8,974.14
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	1,167.87	1,288.97
Closing Balance	6,517.30	7,685.17

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 2. Reserves & Surplus :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>d. Investment Allowance Reserve (Utilised)</b>		
At the commencement of the year	109.41	109.41
Closing Balance	109.41	109.41
<b>e. Export Allowance Reserve</b>		
At the commencement of the year	2.67	2.67
Closing Balance	2.67	2.67
<b>f. Preference Capital Redemption Reserve</b>		
At the commencement of the year	671.60	671.60
Closing Balance	671.60	671.60
<b>g. Special capital incentive</b>		
At the commencement of the year	30.00	30.00
Closing Balance	30.00	30.00
<b>h. General Reserve</b>		
At the commencement of the year	3,610.81	3,510.81
(+) Current Year Transfer	350.00	100.00
Closing Balance	3,960.81	3,610.81
<b>i. Amalgamation / Capital Reserve</b>		
At the commencement of the year	214.35	214.35
(+) Current Year Transfer		-
Closing Balance	214.35	214.35
<b>j. Surplus</b>		
At the commencement of the year	9,055.62	8,595.67
(+) For the current year	3,005.15	1,216.81
(-) Carrying Value of Assets Whose Useful Life achieved pursuant to Schedule II of the Companies Act, 2013	-	366.77
(-) Proposed Dividend on Equity Shares	300.10	200.07
(-) Proposed Dividend on 5% Non-Cum. Redeemable Preference Shares	10.00	10.00
(-) Proposed Dividend on 10% Cum. Redeemable Pref. Shares	50.00	30.96
(-) Corporate Dividend Tax	73.30	49.06
(-) Transfer to General Reserve	350.00	100.00
Closing Balance	11,277.37	9,055.62
<b>Total</b>	<b>31,037.61</b>	<b>29,633.73</b>

### Note 3. Long Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Secured</b>		
<b>A. (I) Term loans</b>		
from banks (Under TUFs)		
(a) Andhra Bank	345.41	558.12
(b) State Bank of Hyderabad - TUFs	353.02	653.02
(c) Andhra Bank (40Crores)	3,332.00	505.63

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 3. Long Term Borrowings :

(Figures in ₹ Lakhs)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
(d) IDBI Bank Ltd. - TUF Scheme-II (40 Crores)	3,600.00	278.15
(e) Exim Bank	1,350.00	526.54
<b>Term loans from banks (non TUFs)</b>		
(f) IDBI Bank Ltd. - 1 (10.20+3.00 Crores)	12.38	28.88
(g) IDBI Bank Ltd. - 2 (Rupee Tied)	96.24	224.56
(h) IDBI Bank Ltd. - 3 (FCL converted)	9.20	23.93
(i) State Bank of Travancore	2,320.03	2,660.01
(j) Lakshmi Vilas Bank	699.37	1,400.00
<b>(ii) Foreign Currency Loans :</b>		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	1,612.20	2,873.03
	<b>13,729.85</b>	<b>9,731.87</b>

#### Note:

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

#### Terms of Repayment :

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
(i) (a) Andhra Bank - TUF Scheme	04.09.2010	13.25%	11
(b) SBH under TUF Scheme	13.07.2011	13.05%	8
(c) Andhra Bank - 40 Crs	19.11.2014	12.50%	24
(d) IDBI - Amaravati (40 Crs)	19.12.2014	12.50%	20
(e) Exim Bank - 15 Crs	16.12.2014	12.00%	20
(f) IDBI-1	04.12.1997	12.40%	7
(g) IDBI-2	28.09.1995	9.75%	7
(h) IDBI-3	28.09.1995	14.25%	7
(i) SBT	22.06.2011	12.00%	20
(j) Lakshmi Vilas Bank (15 Crs)	01.08.2014	12.30%	8
(ii) (a) IDBI Bank (ECB)	12.07.2011	"6 MONTH LIBOR +300 BASIC POINTS"	8

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 3. Long Term Borrowings :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>B Other loans and advances</b>		
Vehicle Hire Purchase Loan	68.59	-
from ICICI Bank, Axis Bank, Kotak Mahindra Prime Ltd & BMW India Fin. Services		
Hire Purchase Loan above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company		
Terms of Repayment : Monthly instalments		
	68.59	-
<b>C Unsecured</b>		
Other Long Term Borrowings		
(I) Loans and advances from related parties		
Unsecured Loan from Directors	2,316.00	1,464.00
Inter-corporate Deposits	615.80	1,132.00
	2,931.80	2,596.00
<b>D Deferred Sales Tax Liability</b>	93.63	114.15
<b>Total (A+B+C+D)</b>	<b>16,823.87</b>	<b>12,442.02</b>

The Sales tax deferment liability amounting to ₹93.63 lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount Figures in ₹ Lakhs	Repayment Year
2003-2004	7.85	01.04.2017
2004-2005	3.27	01.04.2018
2006-2007	5.14	01.04.2020
2007-2008	0.41	01.04.2021
2008-2009	19.56	01.04.2022
2009-2010	57.40	01.04.2023
<b>TOTAL</b>	<b>93.63</b>	

### Note 4. Long Term Provisions :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
(a) Provision for employee benefits		
Gratuity (unfunded)	356.75	353.94
Leave Encashment (unfunded)	108.31	93.26
<b>Total</b>	<b>465.06</b>	<b>447.20</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 5. Short Term Borrowings:

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Secured</b>		
<b>(a) Loans repayable on demand from banks</b>		
(I) State Bank of India		
Cash Credit	7,188.05	6,531.88
Packing Credit	624.80	-
SLC	1,499.67	1,039.74
(II) State Bank of Hyderabad		
Cash Credit	680.01	179.78
Packing Credit	-	120.91
SLC	299.95	-
WCDL	750.00	750.00
(III) State Bank of Mysore		
Cash Credit	1,419.50	359.54
STL	-	1,000.00
(IV) State bank of Travancore		
Cash Credit	347.04	318.10
(V) Andhra Bank		
Cash Credit	746.46	-
(VI) IDBI Bank Ltd.		
Cash Credit	882.40	297.98
STL	850.00	850.00
	<b>15,287.88</b>	<b>11,447.93</b>

All Working Capital loans are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the Company on pari-passu basis and further guaranteed by three Directors of the Company in their personal capacities.

<b>(b) Other loans and advances</b>		
Vehicle Hire Purchase Loan	23.13	1.86
from ICICI Bank, Axis Bank, Kotak Mahindra Prime Ltd & BMW India Fin Services		
	23.13	1.86
<b>Unsecured</b>		
<b>(a) Loans and advances</b>		
Inter Corporate Deposits	500.00	-
	500.00	-
<b>Total</b>	<b>15,811.01</b>	<b>11,449.79</b>

### Note 6. Other Current Liabilities:

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(A) Current maturities of long-term debt</b>		
<b>Term Loan from Bank (under TUFs)</b>		
(a) Andhra Bank	212.71	212.72
(b) State Bank of Hyderabad - TUFs	300.00	300.00
(c) Andhra Bank 40 Crs	668.00	-

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 6. Other Current Liabilities :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
(d) IDBI Bank Ltd 40 Crs	400.00	-
(e) Exim Bank 15 Crs	150.00	-
(f) IDBI Bank Ltd. - TUF Scheme-II	-	1,116.75
(g) State Bank of India - TUFS - I	-	613.00
(h) State Bank of India - TUFS - II	-	918.00
(i) State Bank of Mysore - TUFS	-	266.99
(j) State Bank Of India -TUFS	-	365.40
<b>Term Loan from Bank (non TUFS)</b>		
(k) IDBI Bank Ltd. - 1	16.50	10.31
(l) IDBI Bank Ltd. - 2	128.32	80.20
(m) IDBI Bank Ltd. - 3	14.73	9.20
(n) State Bank of Travancore	444.00	420.00
(o) Lakshmi Vilas Bank	700.00	100.00
<b>(ii) Foreign Currency Loans :</b>		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	1,432.60	1,269.82
	<b>4,466.86</b>	<b>5,682.39</b>
(B) Interest accrued but not due on borrowings	199.49	85.87
(C) Unpaid dividends	16.15	16.45
(D) Creditors for Capital purchases	143.18	218.91
(E) Other payables	980.21	1,201.19
(F) Other payables - Statutory dues	176.95	136.37
(G) Advances received against sales	626.14	142.00
(H) Sales tax deferment payable	20.52	22.28
	<b>2,162.64</b>	<b>1,823.07</b>
<b>Total</b>	<b>6,629.50</b>	<b>7,505.46</b>

### Note 7. Short Term Provisions :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Provision for employee benefits</b>		
Salary & Reimbursements	441.45	421.71
Contribution to PF & ESI	40.56	32.21
Gratuity (Funded)	54.53	53.68
Bonus Payable	189.36	155.70
<b>(b) Others (Specify nature)</b>		
Proposed Preference Shares dividend	60.00	40.96
Proposed Equity Shares dividend	300.10	200.07
Corporate Dividend Tax	73.30	49.06
Provision for Income Tax (Net)	491.36	101.47
<b>Total</b>	<b>1,650.66</b>	<b>1,054.86</b>

# Notes forming part of the Financial Statement As at 31st March, 2016

## Note 8. Fixed Assets :

Particulars	Gross Block				Accumulated Depreciation				Net Block					
	Opening Balance as at 1 April 2015		Additions	Disposals / Adjustments	Balance as at 31 March 2016	On Assets Value	Revaluations Adjustment	Carrying Value of Assets whose useful life exhausted	Total	On Revaluation value (Adjusted to Revaluation Reserve)	On Assets value	On disposals/ Adjustments	Balance as at 31 March 2016	Balance as at 1 April 2015
	Assets Value	Revaluation Amount												
<b>a Tangible Assets</b>														
Land (Freehold)	498.55	2,310.15	2,808.70	-	2,808.70	-	-	-	-	-	-	2,808.70	2,808.70	
Land (Leasehold)	356.76	-	356.76	-	356.76	-	-	-	-	5.60	-	351.16	356.76	
<b>Buildings :</b>														
Factory Buildings	6,638.42	2,897.32	9,535.74	2,319.15	11,854.89	1,955.89	859.39	2,815.28	143.16	245.19	-	8,651.26	6,720.46	
Non-Factory Buildings	2,598.56	1,816.42	4,414.98	261.64	4,676.62	434.07	398.48	832.55	61.00	90.90	-	3,692.17	3,582.43	
Township	692.78	250.58	943.36	7.17	950.53	65.72	232.97	298.69	4.31	11.05	-	636.48	644.67	
<b>Plant and Equipment :</b>														
Workshop Equipment	8.00	-	8.00	0.02	8.02	5.15	-	5.16	-	2.01	-	7.17	8.84	
Plant and Machinery	44,367.88	10,184.01	54,551.89	7,732.48	62,284.37	22,118.29	8,282.47	85.34	30,486.10	2,084.29	-	33,529.79	24,065.79	
Testing Equipment	343.90	-	343.90	204.83	548.73	226.26	-	15.21	241.47	45.25	-	286.72	102.43	
Electrical Installations	4,515.89	-	4,515.89	766.27	5,282.16	1,834.98	-	160.85	1,995.83	379.36	-	2,375.19	2,520.06	
Weighing Machines	33.23	-	33.23	11.24	44.47	19.28	-	3.16	22.44	2.22	-	24.66	19.81	
Water Works	465.44	-	465.44	9.35	474.79	89.67	-	75.20	164.87	31.13	-	196.00	300.57	
Furniture and Fixtures	396.28	-	396.28	52.07	448.35	256.23	-	8.56	264.79	33.44	-	298.23	131.49	
Vehicles	215.14	-	215.14	173.08	388.22	109.40	-	0.20	109.60	36.70	-	111.49	105.54	
Data Processing Equipment	265.43	-	265.43	24.68	290.11	204.35	-	18.24	222.59	36.23	-	258.82	42.84	
Power Lines*	556.56	-	556.56	-	556.56	139.13	-	139.13	-	55.66	-	194.79	417.43	
<b>Total</b>	<b>61,952.82</b>	<b>17,458.48</b>	<b>79,411.30</b>	<b>11,561.98</b>	<b>90,922.62</b>	<b>27,458.42</b>	<b>9,773.31</b>	<b>366.77</b>	<b>37,598.50</b>	<b>3,059.03</b>	<b>34.81</b>	<b>41,790.59</b>	<b>41,812.80</b>	
<b>b Intangible Assets</b>														
Computer software	147.38	-	147.38	2.41	149.79	84.28	-	-	84.28	27.37	-	111.65	63.10	
<b>Total</b>	<b>147.38</b>	<b>-</b>	<b>147.38</b>	<b>2.41</b>	<b>149.79</b>	<b>84.28</b>	<b>-</b>	<b>-</b>	<b>84.28</b>	<b>27.37</b>	<b>-</b>	<b>111.65</b>	<b>63.10</b>	
<b>c Capital Work In Progress</b>														
<b>Total</b>	<b>1,021.56</b>	<b>-</b>	<b>1,021.56</b>	<b>10,828.44</b>	<b>11,564.39</b>	<b>285.61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285.61</b>	<b>1,021.56</b>	
<b>Total (a+b+c)</b>	<b>63,121.76</b>	<b>17,458.48</b>	<b>80,580.24</b>	<b>22,392.83</b>	<b>91,358.02</b>	<b>27,542.70</b>	<b>9,773.31</b>	<b>366.77</b>	<b>37,682.78</b>	<b>1,167.87</b>	<b>34.81</b>	<b>41,902.24</b>	<b>42,897.46</b>	
Less : Internal Transfers				11,564.39	-									
<b>Total</b>	<b>63,121.76</b>	<b>17,458.48</b>	<b>80,580.24</b>	<b>10,828.44</b>	<b>91,358.02</b>	<b>27,542.70</b>	<b>9,773.31</b>	<b>366.77</b>	<b>37,682.78</b>	<b>1,167.87</b>	<b>34.81</b>	<b>41,902.24</b>	<b>42,897.46</b>	
Previous Year	60,651.09	17,458.48	78,109.57	2,482.72	12.05	80,580.24	24,396.06	366.77	33,247.17	1,288.97	4.50	37,682.78	45,229.17	

\* Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd. Opening Balance of gross Block and accumulated depreciation are regrouped.

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 9. Long Term Loans and Advances :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>a. Deposits Recoverable</b>	501.35	396.39
(Unsecured considered good)		
(Telephone, TSSPDCL Electricity, Coal Deposit & other deposits)		
<b>b. Security Deposit</b>	0.10	0.10
(Secured, considered good)		
(NSC pledged as security for ₹10,000/- with Sales Tax Dept.)		
	<b>501.45</b>	<b>396.49</b>

### Note 10. Other Non Current Asset :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Product Development Expenditure	56.91	85.36
Less : Written Off during the year	28.45	28.45
	<b>28.46</b>	<b>56.91</b>
Preliminary Expenses of Amaravati Spinning Project	14.18	4.04
Less : Written Off during the year	2.84	-
	<b>11.34</b>	<b>4.04</b>
Trial Run Expenditure of Amaravati Spinning Project	143.85	-
Less : Written Off during the year	14.39	-
	<b>129.46</b>	<b>-</b>
	<b>169.26</b>	<b>60.95</b>

### Note 11. Current Investments :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
(At Cost - Traded - Quoted)		
Investment in Equity instruments		
37,777 Equity Shares (Previous Year 1,02,100) of ₹10/- each in Suryavanshi Spinning Mills Ltd.	105.19	105.19
26,546 Equity Shares (Previous Year Nil) of ₹10/- each in Aananda Lakshmi Spinning Mills Ltd.	-	-
37,777 Equity Shares (Previous Year Nil) of ₹10/- each in Sheshadri Industries Ltd.	-	-
(1,02,100 Equity Shares of Suryavanshi Spinning Mills Ltd., were converted into 3 Companies Equity Shares, as above, as per Scheme of Demerger of Suryavanshi Spinning Mills Ltd and accordingly New Equity Shares of above 3 Companies were allotted)		
Sub Total :	<b>105.19</b>	<b>105.19</b>
Less : Provision for diminution in the value of Investments	98.86	95.43
Sub Total :	<b>6.33</b>	<b>9.76</b>
<b>Total</b>	<b>6.33</b>	<b>9.76</b>

(Aggregate market value of Quoted investments - ₹6.33 Lakhs (Previous Year ₹9.76 Lakhs))

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 12. Inventories :

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Valued and certified by the Management)		
(Value at lower of cost and net realisable value, unless otherwise stated)		
a. Raw Materials	3,132.26	3,214.94
b. Stores and spares	2,846.19	3,690.89
c. Finished goods	4,586.24	3,185.59
d. Work-in-progress	5,034.91	3,693.95
e. Others - Cotton & PV Waste (at realisable value)	32.63	5.42
<b>Total</b>	<b>15,632.23</b>	<b>13,790.79</b>
Details of Raw Materials :		
Cotton	2,306.14	1,659.67
Yarn	433.54	888.69
Polyster Staple Fibre	217.47	386.34
Viscose Staple Fibre	174.06	24.27
Fabric	1.05	255.97
<b>Total</b>	<b>3,132.26</b>	<b>3,214.94</b>
Details of Stores & Spares :		
Dyes & Chemicals	1,028.15	850.55
Coal	829.53	1,246.02
Other Stores & Spares	988.51	1,594.32
<b>Total</b>	<b>2,846.19</b>	<b>3,690.89</b>

### Note 13. Trade Receivables :

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Receivables for a period exceeding six months		
Unsecured, considered good	460.02	221.56
	460.02	221.56
Receivables for a period less than six months		
Unsecured, considered good	11,619.92	10,116.62
	11,619.92	10,116.62
<b>Total</b>	<b>12,079.94</b>	<b>10,338.18</b>

### Note 14. Cash and Cash equivalents :

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Balances with Banks		
With Scheduled Banks	457.54	429.09
b. Cash on hand	12.96	37.87
c. Balance with Banks against Dividends payments	16.15	16.45
d. Balance with Banks against Margin Money on LCs / Bank Guarantees	377.72	271.71
e. Fixed Deposits	-	225.27
f. Post office Savings Bank	0.01	0.01
<b>Total</b>	<b>864.38</b>	<b>980.40</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 15. Short-term loans and advances :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
(Unsecured considered good)		
a. Advances for Capital purchases	106.17	892.15
b. Advances for purchases of Raw Material & Stores	1,014.34	712.05
c. Advances to Staff	56.91	20.41
d. Other Advances	1,511.93	1,536.93
	<b>2,689.35</b>	<b>3,161.54</b>
<b>Disclosure pursuant to Note no.R (iv) of Part I of Schedule III</b>		
<b>Other officers of the Company *</b>	36.63	3.91
	<b>36.63</b>	<b>3.91</b>

### Note 16. Other Current Assets :

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
TED Refund receivable	181.87	76.30
Interest subsidy receivable	872.99	412.59
Deposits recoverable	3.04	3.02
Claims/Other Receivable	2,703.13	1,388.59
Export Benefit Entitlement Receivable	407.77	475.90
Pre-paid expenses	170.59	176.30
CVD Refund Receivable :	-	
At ICD Nagpur	134.34	134.34
At JNPT, Mumbai	10.95	10.95
Excise Duty Refund Receivable	3.44	3.47
Balance With Central Excise Department	1.15	1.17
Accrued interest	83.39	77.57
<b>Total</b>	<b>4,572.66</b>	<b>2,760.20</b>

### Note 17. Sale of products :

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
Yarn	27,770.00	27,979.21
Fabric	40,284.35	35,927.02
Power	4,800.29	3,783.43
Garment	6,856.07	5,744.99
Waste	493.72	381.53
<b>Total Sales :</b>	<b>80,204.43</b>	<b>73,816.18</b>
Less:		
Excise duty	29.79	37.10
Inter Division sale - Power	4,194.84	3,278.17
<b>Total</b>	<b>75,979.80</b>	<b>70,500.91</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 18. Other Income :

(Figures in ₹ Lakhs)

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
Interest Income	77.77	102.87
Export Benefit entitlement	940.60	690.82
Excess provisions written back	159.73	20.74
Packing & Forwarding collection charges	9.02	7.13
Scrap Sales	63.46	42.81
Profit on sale of Assets	2.88	-
Credit Balance Written Back	0.30	0.07
Rent Received	3.70	2.42
Miscellaneous Receipts	77.58	66.45
<b>Total</b>	<b>1,335.04</b>	<b>933.31</b>

### Note 19. Cost of materials consumed :

(Figures in ₹ Lakhs)

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
Opening Stock	3,214.94	3,525.75
Add : Purchases	40,244.42	39,559.88
	43,459.36	43,085.63
Less : Value of Raw materials sold	18.30	23.26
Less : Closing Stock	3,132.26	3,214.94
<b>Total Cost of materials consumed :</b>	<b>40,308.80</b>	<b>39,847.43</b>
<b>Imported and Indigeneous Raw Materials consumed :</b>		
Indigeneous	99.98% 40,299.65	97.72% 38,937.58
Imported	0.02% 9.15	2.28% 909.85
<b>Total</b>	<b>100.00% 40,308.80</b>	<b>100% 39,847.43</b>
Details of Raw Material Consumed :		
Cotton	17,204.10	11,756.25
Yarn	6,257.26	9,203.43
Polyster Staple Fibre	14,172.61	16,274.49
Viscose Staple Fibre	2,362.03	2,584.76
Fabric	312.80	28.50
<b>Total</b>	<b>40,308.80</b>	<b>39,847.43</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

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

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>(INCREASE)/DECREASE IN STOCKS</b>		
<b>OPENING STOCKS:</b>		
Yarn	934.06	912.23
Fabric	2,059.58	2,351.85
Work-in-process	3,693.95	2,706.75
Cotton Waste	5.42	9.99
Garments	191.95	142.43
	<b>6,884.96</b>	<b>6,123.25</b>
<b>Stocks Transferred from Trial Run :</b>		
Yarn	81.41	-
Work-in-process	107.95	-
Cotton Waste	10.40	-
	<b>199.76</b>	<b>-</b>
	<b>7,084.72</b>	<b>6,123.25</b>
<b>CLOSING STOCKS:</b>		
Yarn	1,408.69	934.06
Fabric	2,983.74	2,059.58
Work-in-process	5,034.91	3,693.95
Cotton Waste	32.63	5.42
Garments	193.81	191.95
	<b>9,653.78</b>	<b>6,884.96</b>
<b>(INCREASE)/DECREASE IN STOCKS</b>	<b>(2,569.06)</b>	<b>(761.71)</b>

### Note 21. Employee Benefits Expense :

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
(a) Salaries and incentives	5,959.20	4,863.90
(b) Contributions to Provident Fund	389.78	274.81
(c) Gratuity fund contributions	28.05	70.60
(d) Contributions to Employee State Insurance	63.66	54.21
(e) Staff welfare expenses	274.48	228.80
<b>Total</b>	<b>6,715.17</b>	<b>5,492.32</b>

### Note 22. Finance Cost :

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
Interest expense	3,217.71	3,107.65
Other borrowing costs	288.67	237.47
Net loss on foreign currency transactions & translation	-75.01	22.03
<b>Total</b>	<b>3,431.37</b>	<b>3,367.15</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 23. Depreciation and Amortisation expense :

(Figures in ₹ Lakhs)

Particulars	Current Year		Previous Year	
	31st March, 2016		31st March, 2015	
Depreciation	3,086.40		3,151.14	
Amortisation expense	45.67		28.45	
<b>Total</b>	<b>3,132.07</b>		<b>3,179.59</b>	

### Note 24. Other Expenses :

(Figures in ₹ Lakhs)

Particulars	Current Year		Previous Year	
	31st March, 2016		31st March, 2015	
Stores & spare parts consumption:				
Consumable Stores	2,310.39		1,683.77	
Dyes and Chemicals	5,631.10		4,235.17	
Packing Material Consumed	795.42	8,736.91	646.40	6,565.34
Power & Fuel:				
Electricity Charges	2,714.78		2,630.01	
Fuel Consumed	3,638.30	6,353.08	3,839.39	6,469.40
Rent		28.13		18.24
Security Charges		34.89		30.97
Rates & Taxes		681.62		654.16
Printing & Stationery		40.31		31.97
Postage, Telegrams & Telephones		58.19		46.94
Travelling & Conveyance		184.84		181.83
Directors' Sitting fees & Travelling expenses		9.34		6.33
Advertisements		10.81		8.64
Expenses on Sales		1,449.21		690.64
Commission on Sales		392.47		265.09
Insurance		98.51		88.54
Legal & Professional Charges		120.84		87.57
Payments to auditors:				
As auditor:	4.07		2.87	
for taxation matters	0.74		0.73	
for Certification	1.27	6.08	1.68	5.28
Repairs to : Buildings	27.42		32.26	
Machinery	994.50		738.34	
Other Assets	63.39	1,085.31	58.14	828.74
Vehicle Maintenance		58.36		64.82
Miscellaneous Expenses		725.32		426.41
Expenses on Corporate Social Responsibility		41.26		18.16
Donations		5.55		4.70
Loss on sale of assets		4.98		4.20
Bad debts and Debit Balances written off		2.76		0.27
Diminution in the Value of Investments		3.43		0.18
Other Manufacturing expenses		282.11		230.98
Managerial remuneration		249.32		204.06
<b>Total</b>		<b>20,663.63</b>		<b>16,933.46</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 24. Other Expenses :

(Figures in ₹ Lakhs)

Particulars	Current Year		Previous Year	
	31st March, 2016		31st March, 2015	
<b>Imported and Indigeneous Stores &amp; spare parts consumption:</b>				
Indigeneous	68.79%	6010.06	71.77%	4,711.77
Imported	31.21%	2726.85	28.23%	1,853.57
<b>Total :</b>	<b>100.00%</b>	<b>8736.91</b>	<b>100%</b>	<b>6,565.34</b>

### Note 25.

#### Notes forming part of Balance Sheet as at 31st March, 2016 and Statement of Profit and Loss for the year ended on that date.

(Figures in ₹ Lakhs)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
<b>1 Contingent Liabilities not provided for</b>		
(a) Contracts to be executed on capital accounts.	751.53	7,255.54
(b) Against Foreign & Inland Letters of Credit	1,885.35	673.38
(c) Against Bank Gaurantees	1,505.00	1,627.34
(d) Against Bills discounted	1,604.49	515.75
(e) Demand against Reversal of Excise duty on Finished goods and Cenvat Credit involved in the stock of inputs while opting for the Central Excise Notification No.30/2004. Company's appeal was allowed by Appellate Commissioner of Customs & Central Excise, Nagpur. However, the Central Excise Department has filed an appeal against the above Order with CESTAT.	32.89	32.89
(f) 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
(g) Disputed demand from Central Excise Department on clearance of unbranded garments without payment of duty. CENVAT on exempted garments reversed and paid. The Company has filed appeal before CESTAT, Bangalore.	-	11.43
(h) Disputed demand from Customs department towards differential custom duty on garments exported. The case is pending for hearing with Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad.	61.49	61.49
(i) Disputed demand from DCIT, Range : 3(2), Hyderabad towards Income Tax on disallowance of expenditure on account of Customs Duty paid for previous year, during the Assessment Year 2008-09. The case is pending in appeal before the Commissioner of Income Tax (Appeals-IV), Hyderabad. Tax demand amount of ₹3.93 Lakhs is deposited, pending disposal of Appeal filed.	0.00	3.93
(j) Disallowance of Unpaid Leave encashment provision in assessment proceedings for the Assessment Year 2011-12 by Addl. CIT, Range 3, Hyderabad. The case is pending in appeal before the Commissioner of Income Tax (Appeals-IV), Hyderabad. Tax demand amount of ₹10.85 Lakhs is adjusted in MAT Credit available, pending disposal of Appeal filed.	0.00	10.85
(k) 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 case is pending in appeal before the Commissioner of Income Tax (Appeals-IV), Hyderabad. Partial Tax demand amount of ₹24.40 Lakhs is deposited, pending disposal of Appeal filed.	40.87	65.27
(l) During the financial year, Company purchased power from Power Exchange at its Spinning division at Amanagullu, Mahboobnagar District, Telangana. TSERC imposed Cross subsidy to be paid on power drawn from Power Exchange at the rate of ₹1.29 per unit. Hon'ble High Court of Telangana has stayed the same and limited such imposition to ₹ 0.30 per unit. The Company has been advised that the liability on account of differential Cross subsidy of ₹0.99 per unit on power drawn from power exchange may not arise.	166.08	-

## Notes forming part of the Financial Statement As at 31st March, 2016

- 2** The legal proceedings against M/s.Rajvir Industries Ltd., for the recovery of the balance outstanding in the books of the Company of ₹236.93 Lakhs (Previous year ₹236.93 Lakhs) are pending.
- 3** Three cases have been filed against the Company for amounts totaling to ₹1,348 Lakhs in respect of three cheques allegedly issued by the Company. These claims are being resisted on the plea that these cheques have been misused and in the absence of any legally enforceable debt or liability the Company has been advised that the complaints are not maintainable and no liability is likely to arise.
- 4** (i) Rajvir Industries Ltd., has filed an application before the Hon'ble High court of Andhra Pradesh for modification of the Order of the High Court in the scheme of arrangement for transfer of the liability of ₹1,000 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.
- (ii) Rajvir Industries Limited (RIL) had also filed criminal complaint against the Company, certain Directors, Sr. Executives and the Auditor of the Company in the above matter which however was quashed by the Hon'ble High Court of A.P. RIL has preferred a special leave petition before the Hon'ble Supreme Court which is pending.
- 5** An order has been received from the office of DGFT Hyderabad for alleged violation of Target plus scheme to recover ₹3,807 Lakhs including interest and penalties. Apart from this a penalty of ₹25 Lakhs each on CMD and MD and ₹5 Lakhs on some other Directors of the Company has been imposed. The High Court of Andhra Pradesh has granted an interim stay of the dismissal of the appeal by the Company. The Company in compliance with the orders of the High Court has paid ₹500 Lakhs to DGFT, Hyderabad. (The Company has already paid ₹500 Lakhs to DRI in the same matter). A show cause notice on the same issue was issued by DRI. The Company has been advised that no liability is likely to arise under the notice as the allegations are unfounded and the Company is taking adequate steps to defend itself.
- 6** The Company carried out revaluation of its assets, i.e., Land, Buildings and Plant & Machinery in its Denim Division at Ramtek and Spinning Division at Amanagallu, by an approved valuer as of 31st March, 2014. Revaluation of Power Plant assets was not done, as it was relatively new Plant. The written up value of the assets on revaluation amounting to ₹174.58 Crores was added to the cost of the assets / Gross Block as on 31st March, 2014. The depreciation of ₹84.84 Crores upto the financial year 2013-14, ₹12.89 Crores for the financial year 2014-15 & ₹11.68 Crores for the financial year 2015-16, totalling to ₹109.41 Crores on written up value of Gross Block has been added to depreciation, and the net value ₹65.17 Crores (Previous year ₹76.85 Crores), is considered as revaluation reserve and the same will be written off as per the depreciation method followed by the Company.

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

(Figures in ₹ Lakhs)

Particulars	Current Year	Previous Year
	31st March, 2016	31st March, 2015
(i) Interest	138.25	151.20
(ii) Principal repayment	1,331.12	588.57
(iii) Commission on Export Sales	144.22	133.29
(iv) Foreign Travel (Excluding tickets purchased in India)	26.33	31.35
(v) Foreign Technical & Consultancy services	13.64	9.53
(vi) Others	89.78	38.76
<b>Total</b>	<b>1,743.34</b>	<b>952.70</b>

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

(Figures in ₹ Lakhs)

Particulars	Current Year	Previous Year
	31st March, 2016	31st March, 2015
Plant and Machinery - Imported (CIF Value)	2,309.49	265.70
Rawmaterials (CIF Value)	9.15	781.70
Stores and Spares (CIF Value)	2,282.25	2,201.09
<b>Total</b>	<b>4,600.89</b>	<b>3,248.49</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### 9 Earnings in Foreign Exchange

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
FOB Value of Exports	13,603.02	8,112.21

### 10 Composition of Net Deferred Tax Liability

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>LIABILITIES</b>		
Depreciation	5,364.24	4,350.12
Miscellaneous Expenditure	54.65	20.72
<b>Total</b>	<b>5,418.89</b>	<b>4,370.84</b>
<b>ASSETS</b>		
Provision for Employee benefits	238.59	223.18
Un-amortised Expenses on Merger & Preliminary Expenses	5.61	1.38
<b>Total</b>	<b>244.20</b>	<b>224.56</b>
<b>Deferred Tax Liability (Net)</b>	<b>5,174.69</b>	<b>4,146.28</b>
Less : MAT Credit entitlement (to be set off against future Income tax liability)	1,431.58	893.17
<b>Deferred Tax Liability (Net) after MAT Credit adjustment</b>	<b>3,743.11</b>	<b>3,253.11</b>

### 11 Information about Business Segments

Particulars	(Figures in ₹ Lakhs)	
	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>1 SEGMENT REVENUE</b>		
Spinning	31,356.29	27,598.03
Denim	44,030.72	39,238.48
Power Plant	4,804.78	3,790.83
Garment	6,826.40	5,744.97
<b>Total</b>	<b>87,018.19</b>	<b>76,372.31</b>
Less : Inter Division Power sale	4,194.84	3,278.17
Less : Inter Division Sale - Yarn & Waste	4,104.60	21.29
Less : Inter Division Sale - Fabric	2,738.95	2,571.94
<b>Net Sales</b>	<b>75,979.80</b>	<b>70,500.91</b>
<b>2 SEGMENT RESULTS</b>		
Spinning	1,186.47	1,203.45
Denim	5,628.91	3,637.63
Power Plant	612.79	(60.78)
Garment	447.35	418.02
<b>Total</b>	<b>7,875.52</b>	<b>5,198.32</b>
<b>3 INTEREST</b>	<b>3,431.37</b>	<b>3,367.15</b>
<b>4 PROFIT / (LOSS) BEFORE TAX</b>	<b>4,444.15</b>	<b>1,831.17</b>

## Notes forming part of the Financial Statement As at 31st March, 2016

### 11 Information about Business Segments

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>5 OTHER INFORMATION</b>		
<b>SEGMENT ASSETS</b>		
Spinning	32,534.71	21,094.73
Denim	34,249.20	34,191.53
Power Project	14,205.34	14,322.92
Garment	4,812.87	4,725.64
<b>Total</b>	<b>85,802.12</b>	<b>74,334.82</b>
<b>6 SEGMENT LIABILITIES</b>		
Spinning	4,879.33	2,396.96
Denim	5,278.24	5,471.54
Power Project	875.16	916.77
Garment	491.13	582.65
<b>Total</b>	<b>10,523.86</b>	<b>9,367.92</b>
<b>7 CAPITAL EXPENDITURE</b>		
Spinning	10,613.53	500.29
Denim	475.48	203.18
Power Project	324.12	287.49
Garment	151.25	491.94
<b>Total</b>	<b>11,564.39</b>	<b>1,482.90</b>
<b>8 DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Spinning	998.18	1,018.69
Denim	1,398.62	1,478.74
Power Project	411.10	423.62
Garment	324.17	258.54
<b>Total</b>	<b>3,132.07</b>	<b>3,179.59</b>

### 12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Particulars	Relationship	Nature of Transaction	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>a) Transactions during the year</b>				
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	62.46 67.05 31.20	62.46 67.66 10.00
Shri P K Agarwal Managing Director	Key Management	a) Remuneration b) Interest (Gross) c) Commission	55.20 65.65 27.30	54.71 41.19 10.00
Shri L N Agarwal (HUF)	Key Management	b) Interest (Gross)	-	23.55
Shri H L Ralhan Director	Key Management	a) Remuneration	41.71	38.18

## Notes forming part of the Financial Statement As at 31st March, 2016

### 12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Particulars	Relationship	Nature of Transaction	Current Year 31st March, 2016	Previous Year 31st March, 2015
Smt. Sabita Jain	Daughter of Shri LN Agarwal	Rent	8.40	7.70
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (Gross)	-	8.64
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Remuneration	31.44	28.72
		b) Interest (Gross)	33.81	20.02
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (Gross)	-	4.04
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (Gross)	-	1.98
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	-	0.67
P K Agarwal HUF	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	-	0.20
M/s Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Sale of R.M./Yarn	-	268.52
		b) ICD Received / Paid	100.00	-
		c) Interest paid	0.32	-
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.42	2.17
		b) Air Tickets	-	0.15
		c) Advance	-	16.67
M/s Aananda Lakshmi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.42	2.17
		b) Advance	-	16.67
		c) Purchase of R.M.	15.63	-
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.42	2.17
		b) Advance	-	16.67
		c) FMS Licence	-	7.08
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the Key Management personnel are interested	a) Interest (Gross)	47.64	27.22
		b) Rent	-	0.60
		c) Sale of fabric	439.24	489.37

## Notes forming part of the Financial Statement As at 31st March, 2016

### 12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Particulars	Relationship	Nature of Transaction	Current Year 31st March, 2016	Previous Year 31st March, 2015
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the Key Management personnel are interested	a) Interest (Gross)	35.01	41.61
<b>b) Payable as at 31-03-2016</b>				
Shri L N Agarwal Chairman & Managing Director	Key Management Personnel	a) Remuneration (Net)	2.20	-
		b) Interest (Net)	32.05	-
		c) Unsecured Loan	678.00	663.00
		d) Commission (Net)	22.20	10.00
		e) Unsecured Loan (Interest Free)	123.00	-
Shri P K Agarwal Managing Director	Key Management Personnel	a) Remuneration (Net)	1.55	1.55
		b) Interest (Net)	31.34	-
		c) Unsecured Loan	700.00	608.00
		d) Commission (Net)	17.30	10.00
		e) Unsecured Loan (Interest Free)	65.00	-
Shri H L Ralhan Director	Key Management Personnel	Remuneration (Net)	1.80	2.22
Smt. Sabita Jain	Daughter of Shri LN Agarwal	Rent	1.89	5.99
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (Net)	21.04	0.00
		b) Unsecured Loan	750.00	193.00
		c) Remuneration	1.96	0.98
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the Key Management personnel are interested	a) Interest (Net)	24.34	0.00
		b) Deposits	515.00	690.00
		c) Rent	0.00	0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the Key Management personnel are interested	a) Interest (Net)	7.86	0.00
		b) Deposits	100.80	442.00
M/s.Sheshadri Industries Ltd	Enterprise in which the Key Management personnel and relatives of Directors are interested	a) FMS License	7.08	7.08

## Notes forming part of the Financial Statement As at 31st March, 2016

### 12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Particulars	Relationship	Nature of Transaction	Current Year 31st March, 2016	Previous Year 31st March, 2015
<b>c) Receivable as at 31-03-2016</b>				
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	16.67
		Interest	4.34	2.17
		Air tickets	-	0.15
M/s Aananda Lakshmi Spinnint Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	16.67
		Interest	4.34	2.17
M/s Sheshadri Industries Ltd	Enterprise in which the Key Management personnel and relatives of Directors are interested	Advance	16.67	16.67
		Interest	4.34	2.17
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the Key Management personnel are interested	Sale of Fabric	222.46	343.86

### 13 Employee Benefits : Gratuity

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

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	506.28	471.05
Interest cost	40.50	36.22
Current Service Cost	46.49	20.98
Benefits Paid	(38.61)	(33.06)
Actuarial gain / (loss) on obligations	(49.84)	11.08
Present value of obligations as at end of year	504.82	506.27
<b>2 Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	98.65	117.05
Expected return on plan assets	7.40	8.76
Contributions	27.33	5.90
Benefits Paid	(38.61)	(33.06)
Premium Expenses	(1.25)	-
Actuarial gain / (loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	93.54	98.65

## Notes forming part of the Financial Statement As at 31st March, 2016

### 13 Employee Benefits : Gratuity

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>3 Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	98.65	117.05
Actual return on plan assets	7.40	8.76
Contributions	27.33	5.90
Benefits Paid	(38.61)	(33.06)
Premium Expenses	(1.25)	-
Fair value of plan assets at the end of year	93.54	98.65
Funded status	411.28	407.62
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
<b>4 Assumptions</b>		
Discount rate	8%	8%
Salary Escalation	10%	4%

### Employee Benefits : Actuarial valuation of Leave encashment

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

Particulars	(Figures in ₹ Lakhs)	
	2015-16	2014-15
<b>Profit &amp; Loss Account</b>		
Current Service cost	4.49	4.08
Interest Cost on benefit obligation	7.46	6.36
Expected return on plan assets	Nil	Nil
Net Actuarial (gain). loss recognised in the year	64.84	42.66
Past service cost	Nil	Nil
Net Benefit expense	76.79	53.10
<b>Actual return on Plan assets</b>		
<b>Balance Sheet</b>		
<b>Details of provision for Leave</b>		
<b>Change in the present value of the defined benefit obligation are as follows :</b>		
Opening defined benefit obligation	93.26	79.56
Interest Cost	7.46	6.36
Current Service cost	4.49	4.08
Benefits Paid	(61.73)	(39.40)
Actuarial (gains) / losses on obligation	64.84	42.66
Closing defined benefit obligation	108.31	93.26
The principal assumptions used in determining leave and post employment medical benefit		
Obligations for the Company's plans are shown below :		
<b>Assumptions</b>	%	%
Salary rise	10	4
Discount rate	8	8

## Notes forming part of the Financial Statement As at 31st March, 2016

### 14 Basic Earnings per share as per Accounting Standard No.20

(Figures in ₹ Lakhs)

Particulars	2015-16	2014-15
Profit after Tax	3,005.15	1,216.81
Less : Dividend on Preference Share Capital with dividend tax there on	72.21	49.30
Sub Total	2,932.94	1,167.51
Weighted average Number of Equity Shares	166.72	158.83
Diluted Number of Equity Shares	166.72	166.72
Basic Earnings per share	17.59	7.35
Diluted Earnings per share	17.59	7.00

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

**16** Vide Notification No.30/09.07.2004 of the Central Excise Department we can opt for zero rate of duty by not taking Cenvat credit on Inputs and vide Tariff rate (Previous year under Notification No.29/09.07.2004) of Central Excise Department option can be exercised for payment of duty on Final products by taking credit on inputs and capital items. Accordingly in case of Denim Fabric and Cotton yarn the Company has opted for Zero rate of duty and not availed Cenvat credit on the purchase of inputs and capital items. In case of Polyester yarn we have taken cenvat credit on part of the raw material which are used for production of polyester yarn meant for export, and cleared the Finished Product for export on payment of duty, under refund of Central Excise cenvat vide rebate provision of Central Excise Act. In case of Readymade Garments, the Company has opted for Central Excise duty of 2% on 60% of Retail Sale Price (RSP) (without Cenvat Credit on inputs) which is made applicable on Branded readymade garments of RSP of ₹1,000 & above with effect from 1st March, 2016

**17** 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 ₹2,609 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.

**18** On 4th July, 2015, there was a major fire accident in Sizing Machine in Weaving department of denim division at Ramtek, Nagapur district, Maharashtra state, in which one of the Sizing Machines & its accessories, etc., was damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. Due to this damage, there was production loss also. New sizing machine was purchased, installed and recommissioned on 23.02.2016. The Company has already filed its claim for reinstatement of assets damaged and also for loss of profit under Business Interruption (Fire) Policy.

**19** During the financial year, the Company has successfully commissioned its state of art of Spinning unit of 25,344 spindles at Amravati District of Maharashtra on 25th September, 2015.

**20** During the financial year 2014-15, the Company had revised the Useful life of its fixed assets to comply with the useful life as mentioned under Schedule II of the Companies Act, 2013.

**21** Previous year's figures : Figures for the previous year have been regrouped wherever necessary to correspond with the current year's figures.

**22** Except when otherwise stated, the figures are presented in Rupees Lakhs.

### Note 26. Significant Accounting Policies:

#### 1 Accounting Convention

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

#### 2 Fixed Assets

Fixed Assets are stated at cost net of depreciation provided

in the statements. Cost of acquisition of Fixed Assets is inclusive of all direct and indirect expenditure up to the date of commercial use.

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

## Notes forming part of the Financial Statement As at 31st March, 2016

### Note 26. Significant Accounting Policies:

#### 3 Inventories

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

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

#### 4 Investments

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

#### 5 Contingent Liabilities and Provisions

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

#### 6 Retirement Benefits

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

#### 7 Foreign Exchange Transactions

- a) Export Sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.
- b) Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realisation.
- c) Imports of material / capital equipment are accounted at the rates at which the actual payments are made.

- d) Assets and liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate Revenue/Capital account.

#### 8 Impairment of Assets

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

#### 9 Leasehold Land

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

#### 10 Sales

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

#### 11 Provision for Taxation

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

Signatures to Notes 1 to 26

For and on behalf of the board

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

**L. N. Agarwal**  
Chairman & Managing Director

#### **K. Shravan**

Partner  
Membership No.215798

**E.V.S.V. Sarma**  
Company Secretary

**Paritosh K. Agarwal**  
Managing Director

Place : Secunderabad  
Date : 25th May, 2016

**P.S. Subramanyam**  
President (Finance)

**Navrang Lal Tibrewal**  
Director



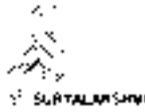


**SURYALAKSHMI COTTON MILLS LIMITED**

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

Secunderabad - 500 003

(CIN: L17120TG1962PLC000923)



## 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 53rd Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Thursday, 28th July, 2016 at 10.30 A.M. at Rajdhani Hall, 1st floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, 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, 2016 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares of the Company for the year ended 31st March, 2016.
3. To declare dividend on preference shares of the Company for the year ended 31st March, 2016.
4. To appoint a Director in place of Smt Padmini Agarwal (DIN:01652449) who retires by rotation and who, being eligible, offers herself for re-appointment.
5. To appoint auditors and fix their remuneration.

### Special Business

**Item No.6 : To consider, and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:**

RESOLVED THAT subject to the provisions of sections 196, 197, 203 and 152 and other applicable provisions if any of the Companies Act, 2013 and Companies (appointment and remuneration of managerial personnel) rules, 2014 read with schedule V thereof as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to revise the remuneration and reappoint Sri H.L.Ralhan (DIN: 00018362) as a Director and Chief Executive - Denim Division liable to retire by rotation from 30th January, 2016 to 29th January, 2021 on the following terms and conditions:

- a) Basic Pay and Allowances at ₹3,10,255/- per month.
- b) Medical reimbursement and Leave Travel Allowance as per Company's rules.

In addition to the above Sri H.L.Ralhan shall be entitled to the following perquisites.

### Category - A

- i) contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

### Category - B

- i) the company shall provide a Car with driver and a telephone at the residence.
- (ii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED FURTHER THAT Sri H.L.Ralhan when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Director and Chief Executive (Denim Division) and such reappointment shall not be deemed to constitute a break in his appointment as Director & Chief Executive, Denim Division.

RESOLVED FURTHER THAT in supersession of the resolution passed by the Company on 4th August, 2014, the Company do hereby ratify and confirm the payment of aforesaid remuneration to Sri H.L.Ralhan, Director and Chief Executive (Denim Division) for the period 1st July, 2015 to 29th January, 2016.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Sri H.L.Ralhan be paid the above remuneration as minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013.

**Item No.7 : To consider, and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:**

RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on 4th August, 2014 and subject to the provisions of sections 196, 197, 203 & 152 and other applicable provisions if any, of the Companies Act, 2013 and Companies (appointment and remuneration of managerial personnel) Rules, 2014 read with Schedule V thereof

as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Sri L.N. Agarwal (DIN: 00008721) as Chairman and Managing Director for the remaining period of the term of his employment i.e., from 25th May, 2016 to 20th June, 2019 as under:

- i. SALARY : ₹5,00,000/- per month
- ii. COMMISSION

At the rate of 2% of the Net Profit of the Company or 50% of annual salary whichever is lower.

- iii. PERQUISITES

In addition to the salary and commission as stated above Shri L.N.Agarwal shall be entitled to the following perquisites.

### Category - A

#### (i) Housing :

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

#### (ii) Medical Reimbursement :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

#### (iii) Leave Travel Concession :

For self and family once in a year incurred accordance with the Rules of the Company.

#### (iv) Club Fees :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

#### (v) Personal Accident Insurance :

Of an amount the premium of which shall not exceed ₹4,000/- per annum.

### Category - B

- (i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- (ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

### Category - C

- (i) The Company shall provide a Car with driver and a telephone at the residence.
- (ii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Sri L.N.Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013.

### Item No.8 : To consider, and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on 29th July, 2015 and subject to the provisions of sections 196, 197, 203 & 152 and other applicable provisions if any, of the Companies Act, 2013 and Companies (appointment and remuneration of managerial personnel) Rules, 2014 read with Schedule V thereof as amended upto date and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Sri Paritosh K.Agarwal (DIN: 00008738) as Managing Director for the remaining period of the term of his employment i.e., 25th May, 2016 to 20th June, 2020 on the terms and conditions mentioned below:

- I. SALARY : ₹4,50,000/- per month
- II. COMMISSION  
At the rate of 2% of the Net Profit of the Company or 50% of annual salary whichever is lower.
- III. PERQUISITES  
In addition to the salary and commission as stated above Sri Paritosh K. Agarwal shall be entitled to the following perquisites

### Category - A

#### (i) Housing :

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

#### (ii) Medical Reimbursement :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

#### (iii) Leave Travel Concession :

For self and family once in a year incurred accordance with the Rules of the Company.

#### (iv) Club Fees :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

#### (v) Personal Accident Insurance :

Of an amount the premium of which shall not exceed ₹4,000/- per annum.

## Category - B

- i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

## Category - C

- i) The Company shall provide a Car with driver and a telephone at the residence.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED FURTHER THAT the appointment of Sri Paritosh Agarwal be subject to retirement by rotation and when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing and such reappointment shall not be deemed to constitute a break in his appointment as Managing Director.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Shri Paritosh K. Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013.

### Item No.9: To consider, and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on 4th August, 2014 and subject to the provisions of sections 196, 197, 203 & 152 and other applicable provisions if any, of the Companies Act, 2013 and Companies (appointment and remuneration of managerial personnel) Rules, 2014 read with Schedule V thereof as amended upto date and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Smt. Padmini Agarwal (DIN : 01652449) as Wholtime Director liable to retire by rotation for the remaining period of the term of her employment i.e., i.e. from 25th May, 2016 to 26th May, 2019 on the terms and conditions mentioned below:

- I. SALARY : ₹3,00,000/- per month
- II. PERQUISITES  
In addition to the salary and commission as stated above Smt Padmini Agarwal shall be entitled to the following perquisites

## Category - A

### (i) Housing :

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

### (ii) Medical Reimbursement :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

### (iii) Leave Travel Concession :

For self and family once in a year incurred accordance with the Rules of the Company.

### (iv) Club Fees :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

### (v) Personal Accident Insurance :

Of an amount the premium of which shall not exceed ₹4,000/- per annum.

## Category - B

- i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

## Category - C

- i) The Company shall provide a Car with driver and a telephone at the residence.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

RESOLVED FURTHER THAT Smt. Padmini Agarwal when reappointed as a Director immediately on retirement by rotation, shall continue to hold her office of Wholtime Director and such reappointment shall not be deemed to constitute a break in her appointment as Wholtime Director.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Smt. Padmini Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013.

### Item No. 10: To appoint a Director in place of Sri Dhruv Vijai Singh who retires by rotation and offers himself for reappointment and if thought fit, to pass the following resolution with or without modification(s) as an ORDINARY RESOLUTION.

RESOLVED THAT subject to the provisions of Section 149 & 152 and Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, Sri Dhruv Vijai Singh (DIN:07180749), who retires by rotation at this meeting and offers himself for reappointment, be and is hereby appointed as an Independent Director for a period of five consecutive years. i.e. upto 27th July, 2021.

RESOLVED FURTHER THAT Sri Dhruv Vijai Singh, as an Independent Director shall not be liable for retirement by rotation during the tenure of his office.

**Item No. 11: To appoint a Director in place of Dr. G.Vivekanand who retires by rotation and offers himself for reappointment and if thought fit, to pass the following resolution with or without modification(s) as an ORDINARY RESOLUTION.**

RESOLVED THAT subject to the provisions of Section 149 & 152 and Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, Dr. G.Vivekanand (DIN:00011684), who retires by rotation at this meeting and offers himself for reappointment, be and is hereby appointed as an Independent Director for a period of five consecutive years. i.e. upto 27th July, 2021.

RESOLVED FURTHER THAT Dr. G.Vivekanand, as an Independent Director shall not be liable for retirement by rotation during the

tenure of his office.

**Item No. 12: To consider, and if thought fit, to pass the following resolution with or without modification(s) as a 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 Ms.Aruna Prasad for the cost audit to be conducted by her of the cost records of the Company for the FY16 - 17.

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

Place: Secunderabad  
Date: 25th May, 2016

**E.V.S.V. SARMA**  
COMPANY SECRETARY

## Notes:

1. The register of members and share transfer books will be closed from Friday, 22nd July, 2016 to Thursday, 28th July, 2016 (both days inclusive) for the purpose of Annual General Meeting and Dividend.
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

For the Financial Year	Date of Declaration	Due for transfer on
2009 - 2010	29/09/2010	05/11/2017
2010 - 2011	28/01/2011	06/03/2018
2010 - 2011	29/09/2011	05/11/2018
2011 - 2012	29/09/2012	05/11/2019
2012 - 2013	28/09/2013	04/11/2020
2013 - 2014	04/08/2014	10/09/2021
2014 - 2015	29/07/2015	04/09/2022

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. 29/07/2015 are available on the Company's website ([www.suryalakshmi.com](http://www.suryalakshmi.com)) as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in))

6. **E-Voting** : The instructions for e-voting are as under:  
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations And Disclosure

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. 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:

Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s.Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice.

- A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company / Depository Participants]:
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN number followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., Suryalakshmi Cotton Mills Limited.
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [kvcr133@gmail.com](mailto:kvcr133@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Suryalakshmi Cotton Mills Limited 53rd Annual General Meeting".
- xiii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., 21st July, 2016, may obtain the login ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com)
- B. (1) In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants]
- (i) E-Voting Event Number (EVEN), User ID and Password is provided in the Ballot Form.
  - (ii) Please follow all steps from Sl. Nos.(i) to (xii) above to cast your vote by electronic means.
- (2) In case of voting by using Ballot Forms
- (i) In terms of Companies Act, 2013 read with relevant rules, the Company, in order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Forms alongwith Notice.
  - (ii) A Member desiring to exercise voting by using Ballot Form shall complete the enclosed Ballot Form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Mr.K.V.Chalama Reddy, Practising Company Secretary, duly appointed by the Board of Directors of the Company, in the enclosed postage prepaid self-addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted at the Registered Office of the Company.
  - (iii) Please convey your assent in Column "FOR" and dissent in the column "AGAINST" by placing a tick (✓) mark in the appropriate column in the Ballot Form only. The assent / dissent received in any other form / manner will not be considered.

- (iv) Duly completed and signed Ballot Forms shall reach the Scrutinizer on or before Wednesday, 27th July, 2016 (5.00 p.m. IST). The Ballot Forms received after the said date / time shall be strictly treated as if the reply from the Member has not been received.
- (v) Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer's decision on validity of the Ballot Form shall be final
- (vi) A Member may request for duplicate Ballot Form, if so required, by writing to the Company at its Registered Office or by sending an email on [cs@suryalakshmi.com](mailto:cs@suryalakshmi.com) by mentioning their Folio No. / DP ID and Client ID. However, the duly filled in duplicate Ballot Form should reach the scrutinizer not later than Wednesday, 27th July, 2016 (5.00 p.m. IST).
- (vii) A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and vote by Ballot shall be treated as invalid. Members who have cast their votes by e-voting prior to the meeting may also attend the general meeting, however those members are not entitled to cast their vote again in the general meeting.
- (viii) The right of voting by Ballot Form shall not be exercised by a proxy.
- (ix) To avoid fraudulent transactions, the identity/ signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the company (i.e. M/S Karvy Computershare Pvt. Ltd.). Members are requested to keep the same updated.
- (x) There will be only one Ballot Form for every Folio/ DP ID/CLIENT ID irrespective of the number of joint members.
- (xi) In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the company and the company shall not entertain any objection on such Ballot Form signed by other joint holders.

(xii) Where the Ballot Form has been signed by an authorized representative of the Body Corporate/Trust/Society. etc. a certified copy of the relevant authorization/Board resolution to vote should accompany the Ballot Form.

(xiii) Instructions for e-voting procedure are available in the Notice of 53rd Annual General Meeting and are also placed on the website of the company, [www.suryalakshmi.com](http://www.suryalakshmi.com) and <https://evoting.karvy.com>. For further details members are requested to refer the same

(3) Voting at AGM: The Members who have not cast their vote either electronically or through Ballot Form, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue.

### Other Instructions:

- i. In case of any queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy Website) or call Karvy on Toll Free No.1800 3454 001.
- ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iii. The e-voting period commences on Sunday, 24th July, 2016 (9.00 a.m. IST) and ends on Wednesday, 27th July, 2016 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 21st July, 2016, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- iv. 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 July, 2016.
- v. The Board of Directors has appointed Mr.K.V.Chalama Reddy(MembershipNo.13951 and C.P.No.5451), Practising Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vi. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three (3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report

of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.

- vii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
  - viii. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website [www.suryalakshmi.com](http://www.suryalakshmi.com) and on the website of KARVY <https://evoting.karvy.com>, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.
7. 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 Regd. Office.
  8. The shares of the Company continue to be listed on the Bombay Stock Exchange and on the National Stock Exchange and the Company has paid upto date all the listing fees to these exchanges.
  9. Members are requested to notify immediately any change in their addresses to the Company
  10. The members are requested to bring their copy of the Annual Report with them at the time of attending Annual General Meeting. A route map showing directions to reach the venue of the 53rd 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. 6

#### Sri H L Ralhan

Sri H.L.Ralhan (DIN: 00018362) is a Textile Engineer by profession and has vast experience in Denim Industry. He was reappointed as a Director and Chief Executive Denim Division with effect from 30th January, 2011. His term of appointment ended on 29th January, 2016.

The Nomination and Remuneration Committee has recommended the revision in the remuneration of Sri H.L.Ralhan from 01st July, 2015 to 29th January, 2016 and also his reappointment as Director and Chief Executive (Denim Division) liable to retire by rotation for a period of 5 years from 30th January, 2016 to 29th January, 2021 at remuneration of ₹3,10,255/-. The revision

and reappointment by the Board is subject to the approval of the Members by way of a special resolution in the General Meeting and also of the Financial Institutions. The Board recommends his revision in remuneration and re-appointment to the members for their approval.

Except Sri H.L.Ralhan no other Director / Key Managerial Personnel / their relatives is interested in this resolution.

No. of shares held by Sri H.L.Ralhan as on 31st March, 2016 in the Company - 650.

Other Directorships - Nil.

### Item No.7

#### Sri L.N.Agarwal

Sri L.N.Agarwal (DIN 0008721) was re-appointed as Chairman & Managing Director for a period of 5 years w.e.f. 21st June, 2014 to 20th June, 2019 at ₹4 Lakhs p.m. plus perquisites. His remuneration has remained at ₹4 Lakhs p.m plus perquisites from 15th May, 2010. The Nomination and Remuneration Committee in its meeting held on 25/05/2016 reviewed the remuneration and approved and recommended to the Board a revision in remuneration of Sri L.N.Agarwal to ₹5 Lakhs p.m. plus perquisites subject to the approval of the Members by way of a special resolution in the General Meeting and also of the Financial Institutions. The Board recommends a revision in his remuneration to the members for their approval.

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

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

No. of shares held by Sri L.N.Agarwal as on 31st March, 2016 in the Company - 1364516.

Names of the companies in which he is a Director:

Suryavanshi Finance & Investments Private Limited.

### Item No.8

#### Sri Paritosh K. Agarwal

Sri Paritosh Agarwal (DIN 0008738) was re-appointed as Managing Director for a period of 5 years w.e.f. 21st June, 2015 to 20th June, 2020 on a remuneration of ₹3.5 Lakhs p.m. plus perquisites. His remuneration has remained at ₹3.5 Lakhs p.m. plus perquisites from 15th May, 2010. The Nomination and Remuneration Committee in its meeting held on 25th May, 2016 reviewed the remuneration and approved and recommended to the Board a revision in remuneration of Sri Paritosh K. Agarwal to ₹4.5 Lakhs p.m. plus perquisites subject to the approval of the Members by way of a special resolution in the General Meeting and also of the Financial Institutions. The Board recommends a revision in his remuneration and re-appointment to the members for their approval.

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

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

No. of shares held by Sri Paritosh K. Agarwal as on 31st March, 2016 in the Company - 1478472.

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

#### **Item No.9.**

##### **Smt. Padmini Agarwal**

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 on a remuneration of ₹2 Lakhs p.m. plus perquisites. She has been actively involved in managing day-to-day operations and marketing of the Garments division.

The Nomination and Remuneration Committee in its meeting held on 25th May, 2016 reviewed the remuneration and approved and recommended to the Board a revision in remuneration of Smt. Padmini Agarwal to ₹3 Lakhs p.m. plus perquisites subject to the approval of the Members by way of a special resolution in the General Meeting and also of the Financial Institutions. The Board recommends a revision in her remuneration and re-appointment to the members for their approval.

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.

No. of shares held by Smt. Padmini Agarwal as on 31st March, 2016 in the Company - 971815

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

#### **Item No.10**

##### **Sri Dhruv Vijai Singh**

Sri Dhruv Vijai Singh (DIN 07180749), aged 62 years had a distinguished career as an IAS officer at senior levels in the Government of India and has vast experience in policy formulation and time bound implementation. He was involved in several international negotiations on strategic issues between states. He has also held different positions like Principal Secretary, Finance and Principal Secretary, Power, etc., in the State Government.

In the opinion of Board of Directors, Sri Dhruv Vijai Singh satisfies the conditions prescribed in the Act and the Corporate Governance norms for an Independent Director and the Board recommends his appointment to the members of the Company.

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

No. of shares held by Sri Dhruv Vijai Singh in the Company is NIL.

Except Sri Dhruv Vijai Singh, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

#### **Item No.11**

##### **Dr.G.Vivekanand**

Dr. G.Vivekanand (DIN: 00011684), aged 57 years, is a MBBS Graduate from Osmania University and is a first generation entrepreneur, who was instrumental in setting up M/s.Visaka Industries Limited and in its growth. He was also the Member of Parliament from 2009 to 2014.

In the opinion of Board of Directors, Dr.G.Vivekanand satisfies the conditions prescribed in the Act and the Corporate Governance norms for an Independent Director and the Board recommends his appointment to the members of the Company.

Names of the companies in which he is a Director.

- i) Normak Fashions Private Limited
- ii) Normak India Private Limited
- iii) Estelle India Private Limited
- iv) Normak Mines & Minerals Private Limited
- v) Maddi Constructions Private Limited
- vi) Visaka Thermal Power Limited
- vii) A-Bond Strands Private Limited
- viii) Gautami Media Private Limited
- ix) Visaka Industries Limited

No. of shares held by Dr. G.Vivekanand in the Company is NIL.

Except Dr. G.Vivekanand, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

#### **Item No.12**

##### **To ratify 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 to be ratified by the members of the company. The appointment of Ms.Aruna Prasad has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2016-17 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 : 25th May, 2016

**E V S V SARMA**  
COMPANY SECRETARY

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



## SURYALAKSHMI COTTON MILLS LIMITED

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

(CIN : L17120TG1962PLC000923)

Website : www.suryalakshmi.com. Email :- slcm ltd@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 Thursday, 28th July, 2016 at 10.30 A.M. at Rajdhani hall, 1st floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D. Road, Secunderabad-500003.

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

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





## 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

# 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

2. Name:

Address :

Email ID :

Signature : ....., or failing him

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 Thursday, 28th July, 2016 at 10.30 A.M. at Rajdhani hall, 1st floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D. Road, Secunderabad-500003 at any adjournment thereof in respect of such resolutions as are indicated overlelaf:

Signature of Proxy Holder(s):

Signature of Proxy Holder(s)



Resolution No.	Particulars	FOR	AGAINST
1.	To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2016 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.		
2.	To declare Dividend on Equity shares of the Company for the year ended 31st March, 2016.		
3.	To declare dividend on preference shares for the year ended 31st March, 2016		
4.	Reappointment of Smt.Padmini Agarwal, Director liable to retire by rotation.		
5.	To appoint auditors and fix their remuneration.		
6.	Reappointment and revision in the remuneration of Sri H.L.Ralhan, Director and Chief Executive (Denim Division).		
7.	Revision in the remuneration of of Sri L.N.Agarwal, Chairman and Managing Director.		
8.	Revision in the remuneration of Sri Paritosh K.Agarwal, Managing Director.		
9.	Revision in the remuneration of Smt. Padmini Agarwal, Wholetime Director.		
10.	Appointment of Sri Dhruv Vijai Singh as Independent Director.		
11.	Appointment of Dr.G.Vivekanand as Independent Director.		
12.	To ratify the remuneration of Cost Auditor.		

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## 53rd Annual General Meeting. Venue - Route MAP

