



Suryalakshmi Cotton Mills Limited



Partnership & Profitability

THE POWER OF INTEGRATION

Annual Report 2014-15

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', 'expect', 'project', '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.

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At SuryaLakshmi

We identify the need of putting ideas into action

We acknowledge the significance of streamlining processes

We understand the effectiveness of working across the value chain

We honour the ability to work with the best-in-class

We value the importance of profits in any business

We, at SuryaLakshmi, realise the power of one...

We respect the power of integration...

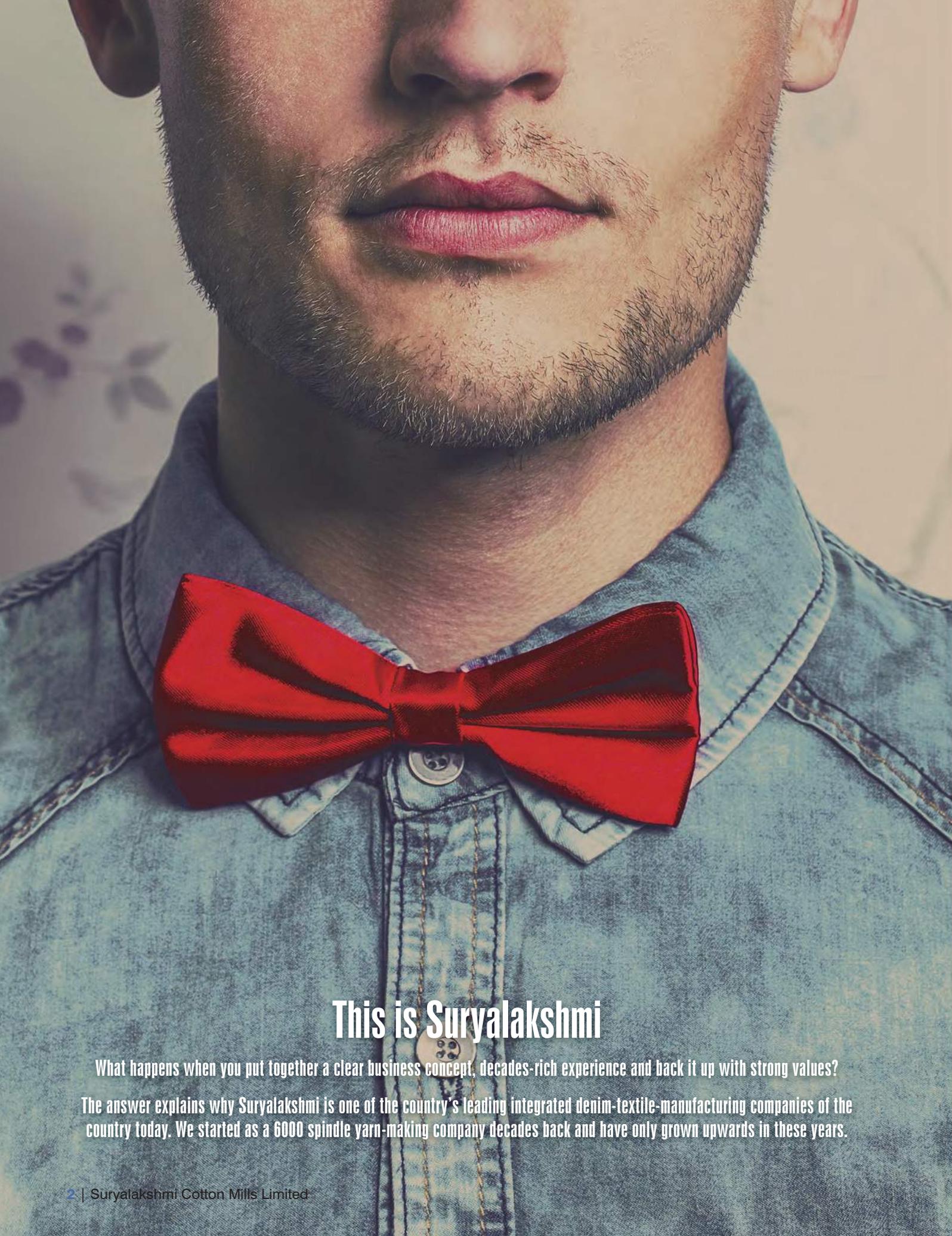
We recognise the importance of partnership & profitability...

Today, we are among the few in the industry to have integrated across the entire textile value chain.

And it doesn't stop just there. We are strategically moving into value-added products across our three business verticals.

We take pride in the fact that the renowned global names of the fashion industry are our clients.

Together these substantiate our role as a pioneer in the original denim manufacturers' category, enabling us to take fast fashion worldwide through the power of integration.



This is Suryalakshmi

What happens when you put together a clear business concept, decades-rich experience and back it up with strong values?

The answer explains why Suryalakshmi is one of the country's leading integrated denim-textile-manufacturing companies of the country today. We started as a 6000 spindle yarn-making company decades back and have only grown upwards in these years.

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.

Values

Customer First

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

Integrity

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

Innovation-led Design Thinking

We leverage design thinking, 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.



India's Premier Original Denim Manufacturer

An integrated business model

Yarn

01

History

Commissioned a spinning unit with 6000 spindles at Mahboobnagar in 1962.

Present

More than 61000 spindles across one manufacturing location

Product Portfolio

The yarn division today produces Polyester, Polyester Viscose, Polyester cotton yarns and cotton yarn

Fabric

02

History

Started forward integration with its first denim fabric unit in 1997 at Ramtek (Maharashtra)

Present

More than quadrupled its manufacturing capacity in past 15+ years to 40 million metres p.a.

Client Portfolio

Levis, Wrangler, POLO RL, DKNY, JC Penney, Walmart, Jones, UFO, Perry Ellis, Lee, Next, Marks & Spencers, C&A, Zara, George and Burtons, among others

Garments

03

History

Established a garment unit in 2007, completing the value-chain and emerging as a leading textile integrated player (Subsidiary Company merged with Suryalakshmi in FY2013-14

Present

Manufacturing capacity of 5000 garments per day

Brand Portfolio

Some of the major brands catered to are Levi Strauss, Bestseller (ONLY Brand) Eagle (Germany), Splash (Landmark Group, UAE), Giovanni Galli (Portugal)

Financial indicators

Turnover		(₹ in Lacs)
	2014-15	2013-14
Sales	70,500.91	70,185.76

Results		(₹ in Lacs)
	2014-15	2013-14
EBIDTA	8,377.92	8,592.93
PAT	1,216.81	1,171.20

Financial ratios		(₹ in Lacs)
	2014-15	2013-14
ROE (Return on Equity)	21.39%	22.17%
Return on Capital Employed	9.01%	9.26%



Sales

(₹ in Lacs)

2014-15



EBIDTA

(₹ in Lacs)

2013-14



Profit after Tax

(₹ in Lacs)

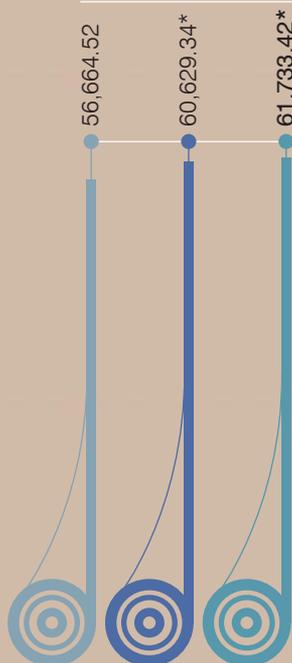
2012-13





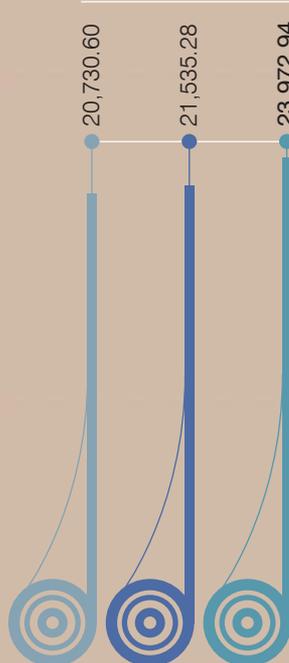
Gross Block

(₹ in Lacs)



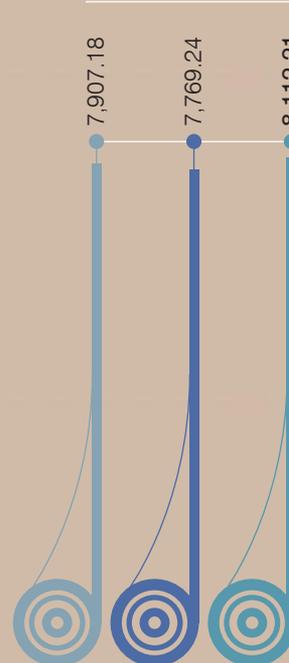
Networth

(₹ in Lacs)

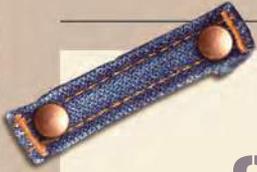


Exports (FOB)

(₹ in Lacs)



*Excluding increase due to revaluation of fixed assets



Our core competencies

INTEGRATION

We are among the very few integrated denim manufacturers in the country, covering the entire value chain, resulting in unmatched quality for our clients. We endeavor to be the lowest-cost producers through our integration and achieve higher manufacturing efficiencies

AMONG INDIA'S

TOP 5 ODMS

Suryalakshmi is among the niche and selected players of integrated

Original Denim Manufacturers in India

EXTENSIVE FOOTPRINT

Presence across

ALL

states in India

Over

27

countries across the world

STATE-OF-THE ART INFRASTRUCTURE

We have regularly invested in modernising our plants and equipments to produce products that match global standards and benchmarks.



CONTINUOUS EXPANSION

We have launched more than

200+

products in last 3 years while
expanding our yarn capacity by 26%
over last five years.

CAPTIVE POWER

OUR 25MW

of captive power capacity with 100% coal linkages helped us achieve operational efficiencies with reduced cost of production.

PARTNERING GLOBAL BRANDS

MORE THAN 25%

revenue of the fabric division is derived from large-scale, internationally-reputed and multinational clients.

ENVIRONMENTAL COMPLIANCE

Efficient effluent management systems ensuring

zero discharge.

CAPEX INVESTMENTS

We have made capital investments of

₹229.34 CRORE

in the last five years to enhance our productivity and reach.

PROFITABILITY

While we have recorded sustained profits over the years, we have also managed to achieve per meter average realisation at

INR 142

for fabric in FY2014-15 – among the highest in Indian ODM industry

Our presence

YARN

Argentina	Bangladesh	Brazil
Portugal	Turkey	

DENIM

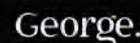
Supplied in more than 27 countries worldwide

GARMENT

Austria	Germany	Portugal	UAE
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BRANDS THAT TRUST US





MARKS & SPENCER

next

ONLY

OTTO

PERRY ELLIS



Walmart



ZARA

CHAIRMAN'S MESSAGE

Dear Shareholders,

Financial year 2014-15 started on a note of optimism. There was a hope that reforms would augment a renewed enthusiasm in the country's economy, leading it towards a new era of growth.

For starters, Gross Domestic Product (GDP) growth, which had plummeted to sub 5% levels in past two fiscal years, finally showed signs of having picked up on the back of a cyclical rebound and some genuine improvement. Inflation levels continued to surprise by being on the lower side and comforted the country's Central Bank to a large extent.

The global economy showed signs of downhill movement as indicated by the International Monetary Fund (IMF), but the Indian economy somewhat withstood against this trajectory. The growth prospects of the Indian economy somewhat remained unaffected.

A lot of subtle forces were behind this downward movement of the global economy. Besides others, some reasons were:

The weak growth prospects in China, Russia, Japan and the Euro area as well as the recent drop in oil prices. These affected the oil-exporting economies. Technically, the drop

in global oil prices is largely seen as positive for the global economy. But other empowering factors such as investment weakness as well as diminished expectations about growth prospects in the medium-term were somewhat believed to outweigh this advantage. Among the advanced economies, growth outlook for the US was revised upwards. This could be attributed to improvement in domestic demand, advantage of drop in global oil prices and an accommodative monetary policy.

Over the recent past, reduced cost of production backed by high-quality standards has made the Indian textile industry a preferred destination by global multinationals. At Suryalakhshmi, we have successfully positioned ourselves as a leading integrated denim manufacturer, trusted by some of the largest global brands in India and world across.

Textile industry – an overview

Looking at the value-chain of the textile industry, India roughly hosts 25% of

the global spinning capacity. It is only because of the recent TUF program that the age structure of this capacity is relatively young. Result: higher productivity. India produces 20% of global cotton supply for both domestic use and export. The country ranks second in global textile and apparel exports with nine per cent growth since 1995. The textile industry accounts for 21% of the total employment generated in the economy.

Performance review

Our topline and bottomline showed a subdued performance in FY2014-15. This was due to the volatility in the economic scenario and weakened demand sentiments across the globe. However, we recorded ₹71,434 lacs of income from operations with a PAT of ₹1,216.81 lacs. An unfortunate dispute with our Nagpur plant labourers resulted in a two-months shut down. This caused loss of productivity and the resulting revenue thereon. But we assure our stakeholders that this blip too has passed without hampering our glorious history. As always, we have

emerged stronger from every challenge, and achieved new scales of success. This challenge cannot dampen our spirits and we are determined stronger than ever towards working it out in everybody's favour.

The garment and fabric division recorded sales in line with the previous year. We successfully entered new geographies like France, Madagascar, Turkey, Kenya, South Korea and Portugal among others. This positive movement has enthralled us and infused with even more determination to increase export levels in the coming months. The current situation is only expected to get better hereon within the coming months.

Value-added products

At Suryalakshmi, offering more to our clients has always been our focal point. This same zeal, of providing our customers with more, has helped us emerge as an integrated value-added player in denim fabric - from yarn to fabric to garment. To increase the proportion of value-added products in our product mix, we have strengthened our design team with a designer from Italy. We launched several new products, in terms of textures, fabric and style to serve our global brands, demands and needs.

Outlook

We are on course for our proposed expansion of 26016 spindle capacity at Nandgaon peth, Amravati District, Maharashtra. This is a state-of-the-art unit



**At Suryalakshmi,
offering more to
our clients has
always been our
focal point.**

that will not only help us manufacture value-added yarns, but also serve the internal demand for our fabric division. Thereby helping us reduce dependency on suppliers. We expect to commission the same by the end of September 2015. This is expected to result in enhanced revenues for 2nd half of FY2015-16.

We shall continue to be a 'quality-driven' organisation and be persistent with our quality levels. We are among the few textile players in the industry to have some of the stringent international certifications, meeting international benchmarks. We continue to invest consistently in our machinery and have modern technologies that support and

help us achieve higher yields and lower operating costs.

We work to add value for our customers and therefore carry out extensive sustainability work as part of our efforts. These efforts are aimed towards continuous improvement. Our customers must always

know that when they shop with us, they buy products produced with the greatest possible consideration for people and the environment. We want to make a positive contribution to development in the world, and we want to continue to be an attractive employer for our committed employees. Our sustainability work is important for our business, and is therefore fully-integrated into our operations.

We have great faith in what we are doing and are looking forward to another exciting year ahead with newer opportunities and challenges. Suryalakshmi shall continue to grow successfully in existing markets and in new territories. We are resolved to reach our goals with passion and determination.

Regards,

L.N. Agarwal
Chairman & Managing Director

The Suryalakshmi value-chain

94%
capacity utilisation
in FY2014-15

39.11%
share of total revenue
in FY2014-15

61,008
Spindles of installed
capacity

Yarn





40 million
metres of installed
capacity

97%
capacity utilisation
in FY2014-15

52.74%
share of total revenue
in FY2014-15
(incl. Power Sale)

Fabric

Garment

89%
capacity utilisation
in FY2014-15

8.15%
share of total revenue
in FY2014-15

5000 +
garments installed
capacity per day



Partnering with the best

The journey towards growth





One of the key reasons for our long-standing relationship with Suryalakshmi has been their quality which is important for a global brand like ours. 

*Hs. Vishwanath, Senior Director
(PD & S Bottoms, SAS)
Levi Strauss*

Over the years, Suryalakshmi's international presence across 27 countries has proved itself to be a strong growth mechanism. This has given us, a strong competitive advantage, strengthening our corporate brand as trusted and integrated denim textile manufacturer. Our global business platform is a vindication of Suryalakshmi's quality, trusted by global players in an evolving market place.

Today, our products (across verticals) are endorsed by leading global brands with increasing presence in India. From

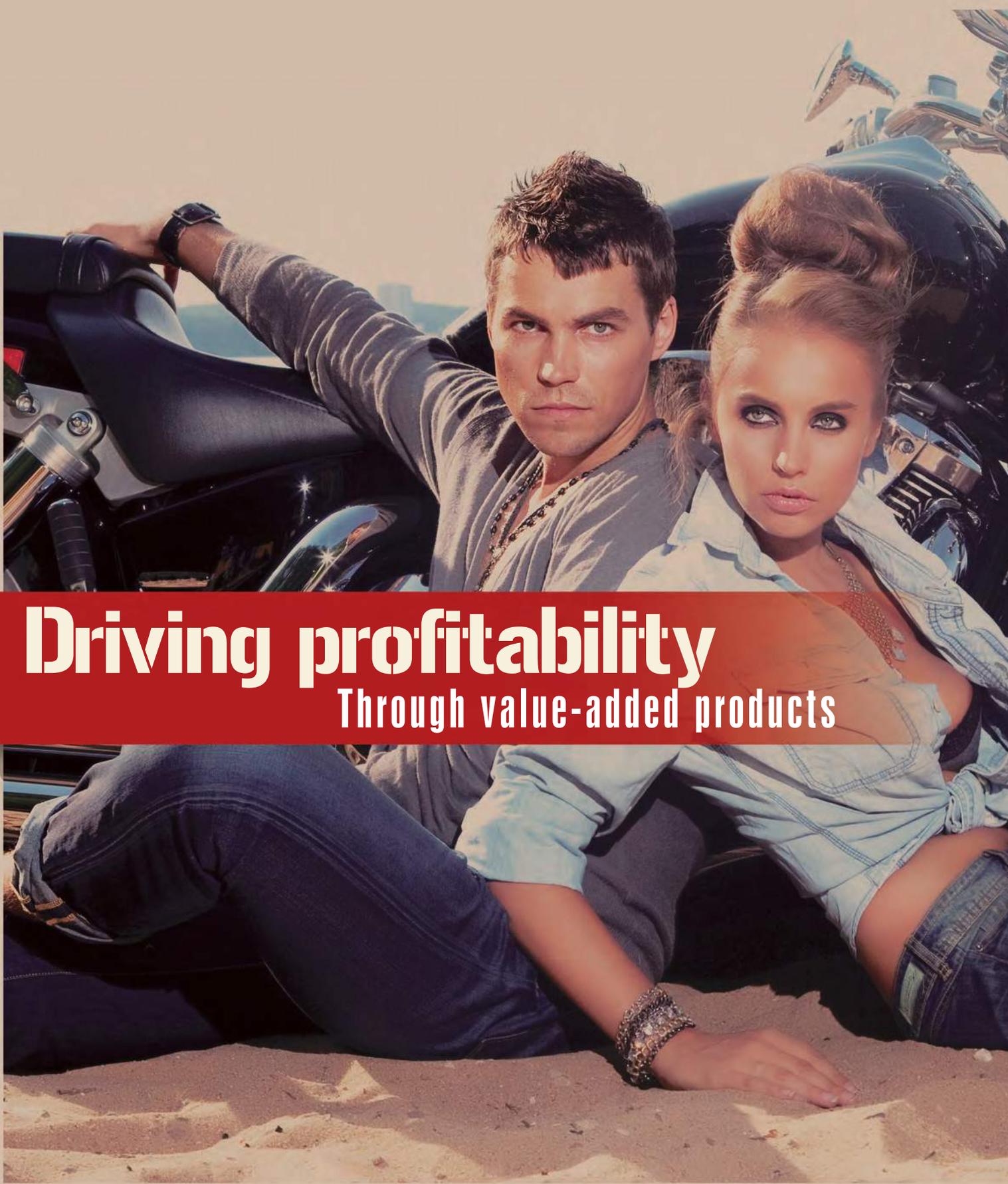
8 brands in 2009-10, we work today with more than 20 international brands. The increasing trust of leading brands in us, is only a vindication of our ability to deliver quality products.

Our international team always endeavours to emerge with best ideas to capitalise opportunities and achieve higher scales of success. The result is a stronger Suryalakshmi brand with increased revenues, improved market share, higher profitability and unmatched quality.



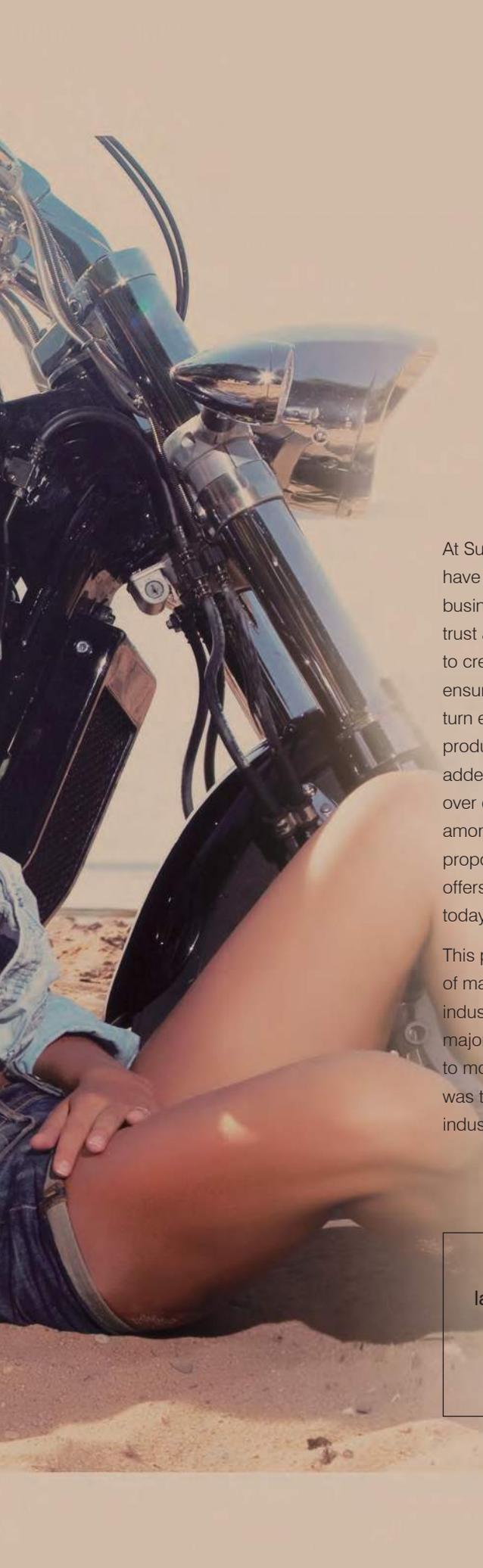
Suryalakshmi has been successful in bringing us an elevated product by using vertical integration. The products developed are updated in fashion which continues to delight our customers. 

*Rajesh Lalla, (AVP - Sourcing)
Lifestyle International Private Limited*



Driving profitability

Through value-added products



We sincerely thank Suryalakshmi for the continued support that you have been giving us for past five years. Our brands derived immense value in terms of innovation support in fabric, garments and new wash finishes. This has greatly helped Peter England to grow denim category substantially in the last few years.

*Narahari, Director-Central Sourcing,
Madura Fashion*

At Suryalakshmi, customers' needs have always been the focal point of our business. This has helped us win their trust and accolades. We are resolved to create products that enhance and ensure customer satisfaction. This in turn enriches our reputation. Today, our product portfolio comprises more value-added products like dobbies, knits and over dyed coated and functional denims among others. Our portfolio has reduced proportion of low-margin products and offers more of high margin products today.

This prudent business strategy is a result of management foresight of evolving industry developments. One of the major developments which forced us to move towards value-added products was the over-supply scenario in the industry. There was an imperative need

to shift the product basket towards more of value-generating products. We always adopt a disciplined approach in undertaking product development by meticulously understanding the entire product life cycle. Recently we also recruited intellectuals, forming a Research & Development team. This has helped us in not only identifying new textures, designs and fabric finishes, but also expand our market presence (domestic and global) with our value-added products.

We are confident that these strategic steps will enable us to scale to ₹1,000 crore revenue-company in a couple of years. We endeavour to touch lives of millions of people through our product chain and hence define the future of denim wear in India and globally.

Competitive advantages

New products
launched in last five
years

200+

Captive power
generation
capacity

25 MW

CAGR increase in
realisation of garment
prices in last 3 years

12.37%

Review of business operations



YARN

Revenue in 2014-15

₹
27,577
lacs

EBIDTA in 2014-15

₹
2,191
lacs

Average spindle age

13 years

Overview

Today, Suryalakshmi is among India's leading Polyester and blended yarns manufacturer with more than 61,000 spindles to its credit. Over the years, we have consistently expanded and extended our capacity only to deliver our promises. This is backed by state-of-the-art technologies that we source globally. Suryalakshmi aims and believes in delivering products that meet international standards and we do all it takes to keep up to our customers' expectations.

Highlights, 2014-15

- Achieved sustainable revenues of ₹27,576.73 lacs
- Recorded ₹240 lacs of PBT
- Produced 18.7 million kgs of yarn, with a 94% capacity utilisation
- Understanding the volatility in raw material prices, we entered into long-term agreements with key suppliers
- Undertook key measures to improve the overall efficiencies, improve yield and reduce operating costs
- Superior waste recovery system to enhance material utilisation

Road ahead

We are on-course towards achieving our setting up of a new yarn division at MIDC, Nandgaon Peth, Dist. Amravati, Maharashtra. The expansion will not only help us manufacture value-added and fancy yarns (ring, slub and compact), but also add to our profitability levels. Our best-in-the-world technologies ensure that we achieve product quality and efficiency.



Revenue in 2014-15

₹
37,179
lacs

EBIDTA in 2014-15

₹
5,510
lacs

Average loom age

7.5 years

DENIM

Overview

With almost two decades of existence, we are today among the third-largest single-site denim-fabric manufacturer in India. The unit is vertically integrated manufacturing unit, allowing us to develop a varied product-mix, in line with the evolving trends. Exports to renowned global client, backed by machineries and technology from some of the best in the world is among our core strength.

Highlights - 2014-15

- Achieved sustainable revenues of ₹37,179.21 lacs (including power sales)
- Recorded ₹1,264.44 lacs of PBT
- Produced 26.28 million metres of fabric (97% capacity utilisation)
- The plant was audited by various customers (coupled with annual audits by several quality certification authorities), translating into improved customer satisfaction.
- Improved weaving strength backed by Japanese Eurotech high-speed Airjet weaving machine
- We replaced 56 Nisan Airject old looms with new Toyota Airjet looms in last 3 years corresponding to superior operational speeds, value-added products and increased production per loom
- Superior waste recovery system to enhance material utilisation

Road ahead

Looking at the road ahead, the Company expects to stretch its trail by focussing and enhancing the production of its value-added products. Development of a consumer-centric denim value chain will also help create avenues that unleash the great potential inherent to India's denim market. The increasing awareness of sustainable fashion provides additional opportunity to promote denim as a product of natural cotton fibre. This is perceived as more eco-friendly as compared to synthetics. The value share of denim market is skewed in favour of mega metros. These account for almost half of the total denim market. Denim apparel production in India remains a fragmented industry where only 20-30% of denim apparel is manufactured in the organised units. This is expected to change in the coming years, with the organised sector and brands expected to play a major role.



GARMENT

Revenue in 2014-15

₹
5,745
lacs

EBIDTA in 2014-15

₹
677
lacs

Average machine age

8 years

Overview

With a high degree of emphasis on forward integration, we derive additional revenue stream through our garment division. With a higher proportion of fabric production, we have strategically built on our strength to produce qualitative garments. We today produce garments for some of the leading global brands in the world, collaborating right from design to the finished product.

Highlights - 2014-15

- Achieved sustainable revenues of ₹5,744.97 lacs.
- Recorded ₹676.56 lacs of PBT
- Produced 1.07 million garments annually (89 % capacity utilisation)

Road ahead

The division has a decent revenue visibility with a healthy order book for the coming year. In addition our integrated capability allows us to derive better return on capital. From the current levels of 5000 garments production per day, we are on course of expansion, and expect to reach 16000 garments in a short time.

Corporate information

Board of Directors

Sri L.N.Agarwal

Chairman and Managing Director

Sri Paritosh K. Agarwal

Managing Director

Sri R.Surender Reddy

Smt. Sharada Sundaram

Nominee – IDBI

Sri Navrang Lal Tibrewal

Sri R.S.Agarwal

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

Vice-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,
Koti, 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

a) Amanagallu

Mahabubnagar Dist.

Telangana - 509 321

b) Amravati (under construction),
Plot no. T-3,

Addl. Amravati Industrial Area,

Textile Zone, Nandgaonpeth,

Tuljapur Village, Talkhanda,

Dist. Amravati,

Maharashtra - 444 901.

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

DIRECTORS' REPORT

To

The members

Your Directors are pleased to present their Fifty Second Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2015.

Financial results

(₹ In Lakhs)

	2014- 2015		2013-2014	
Gross Profit before Interest & Depreciation		8389.98		8077.42
Less : Interest	3367.15		3694.16	
: Depreciation & Amortisation expense	3179.59	6546.74	3209.13	6903.29
Profit/(Loss) before prior year Adjustment		1843.24		1174.13
Exceptional Items *		(12.07)		515.51
Profit before tax for the year		1831.17		1689.64
LESS : Provision for Income Tax for the year		382.00		343.00
LESS : Deferred tax liability		232.36		175.44
Profit / Loss after tax		1216.81		1171.20
ADD : Profit brought forward from last year		8595.67		8019.98
LESS : Loss of Suryakiran International Limited – pursuant to Scheme of amalgamation.		---		279.93
LESS : Carrying value of Assets whose useful life achieved		366.77		-----
		9445.71		8911.25
Dividend on Preference Share Capital		40.96		10.00
Dividend on Equity Share Capital		200.07		174.27
Corporate Dividend Tax		49.06		31.31
Transferred to General Reserve		100.00		100.00
Profit transferred to Balance Sheet		9055.62		8595.67
		9445.71		8911.25

- Exceptional item of the current year, includes Sales Tax subsidy for the previous year ₹121.72 Lacs & Workers Agreement Arrears (Expenses) of ₹(133.79) lacs.

Operations

The net sales for the year ended 31st March, 2015 at ₹705 Crores is nearly same as that in the last year. However, the profit before tax at ₹18.31 Crores shows a small increase of 8% over that of the last year, while net profit after tax increased by 3.9%.

The operations of our Denim division at Ramtek were affected for nearly two months on account of strike by the workers. This resulted in a loss of sales and resultant profits. Agreements on wages have since been entered into with the workers and the denim division resumed normal operations from 2nd week of March, 2015. The overall turnover of the Company and the profit would have been significantly higher but for this strike.

Production in Spinning, Denim and Garment Divisions matched last year levels. During the year, the Polyester Yarn segment's performance was subdued on account of fall in international crude prices. Garments Division, however, did better.

The profitability of power plant was adversely affected for some months by the high cross subsidy charged by MSDCL for permitting open access to third party sales which resulted in unworkable rates for such sales. Coal at base price was available only from the second half of the year. As a result during the year the profitability remained subdued from power plant. However, now the situation has improved significantly both in terms of availability of coal linkage at the base price and also the improved open access for third party sales. There will be further improvement with the commissioning of Amravati Unit for which the power will be supplied captively by the Company's own power plant at Ramtek.

Dividend

The Directors are pleased to recommend a Dividend of 12% i.e. ₹1.20 per share (previous year ₹1.20 per share), keeping in mind, the heavy repayments during the year 2015 – 16 and also the need to conserve resources for the ongoing expansions.

Capital Expenditure

During the year under review the Company incurred capital

expenditure of ₹24.83 Crores.

Exports

The Exports at ₹82.94 crores is marginally higher than ₹80.64 Crores last year.

The international textile markets continue to be under stress. The major retail markets like USA & Europe are still reeling under the effects of recession. Fortunately, the cotton & oil prices have remained steady & this was a big relief to the textile industry.

Your Company could weather these international market conditions by a two pronged strategy of consolidation of the existing business & widening the customer base by upgrading the product mix.

The Company increased its exposure to key clients – Wrangler, Lee, JC Penney, UFO etc., in US & Canada markets.

In the Company's endeavour to upgrade the product mix, it has its own designer based in Italy handling the product development activity. The Company has introduced an array of unique shades & interesting performance oriented new fabrics like, Cool Max, Dual Core, Bamboo, Tencel Rayon Viscose etc; which has been well received by the markets. In addition our new dobby design has been a great success with the international customers.

Last year, we also ventured into new markets like, Korea, South Africa (Madagascar, Durban, Mauritius, and Lesotho) South America (Peru, Colombia, and Chile), and Turkey etc.

As part of these exercises, we have participated in important exhibitions like, Munich Fair in Germany, Bangladesh EXPO & Colombia Tex. This has given us the required exposures across the globe.

Due to the subdued market conditions & fall in cotton prices, there was an enormous pressure to reduce the prices. But due to the above strategies, we were able to balance our prices & volumes at reasonably good level.

New Spinning Division - Amravati

The erection work on the new Spinning Unit is progressing well and is expected to be completed by July/August, 2015. The Commercial production is expected to be commenced from 1st October, 2015.

Future Outlook

The Company's efforts in development of new products and strengthening ties with high end buyers who have added the Company as a preferred supplier have started yielding results.

The company is excited with its new state of the art spinning plant of 26016 spindles of ₹131 crores coming up at Amravati. The new plant is equipped with latest technology which will help company achieve backward integration for its new range of denim fabrics and will also result in significant cost savings by utilisation of the captive power.

The Company has further plans to modernise its operations in Amanagallu and also the Denim Plant at Ramtek. With garment production enhanced to 5000 garments per day and now expected to increase to 16000 garments per day in the near future, the coming years look very good for the Company.

Directors

Sri H L Ralhan (DIN : 00018362) retires by rotation and offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 2013 and SEBI guidelines, Sri R.S.Agarwal (DIN : 00012594) and Sri Navrang Lal Tibrewal (DIN: 00030151) 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.

During the year, Smt. Sharada Sundaram (DIN : 7067040) has been appointed as Nominee Director by IDBI in the place Sri K.N.Lohit (DIN: 06504417). The Board wishes to place on record its appreciation for the valuable services rendered by Mr.K.N.Lohit.

The tenure of Sri Paritosh Agarwal (DIN : 00008738) as Managing Director comes to an end on 20/06/2015 and has been reappointed as Managing Director for a period of five years by the Board, subject to the approval of the members in the ensuing General Meeting

DR. VIVEKANAND & SRI DHRUV VIJAI SINGH

Dr. Vivekanand (DIN:00011684) and Mr. Dhruv Vijai Singh (DIN:07180749) who were appointed as Additional Directors in May, 2015, retire at the ensuing Annual General Meeting. It is proposed to appoint them as Directors liable to retire by rotation in the ensuing Annual General Meeting.

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 Clause 49 of the Listing Agreement, the performance evaluation of the Board and of its Committees was carried out during the year under review. More details on the same is given in the Corporate Governance Report.

Familiarisation Program for Independent Directors

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

Nomination & Remuneration Policy

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

Directors' Responsibility Statement

Your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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 were 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 - I.

ii) Number of Board Meetings:

The Board of Directors met 6 (six) times during the year 2014-2015. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

iii) Changes in Share Capital:

During the year under review, your company made a Preferential Issue of 21,50,000 equity shares of the face value of ₹10/- each to part finance the 26016 spindle spinning unit at Amravati, Maharashtra. Consequently the equity share capital has increased from ₹14,52,22,900/- divided into 1,45,22,290 equity shares of 10/- each to ₹16,67,22,900/- divided into 1,66,72,290 equity shares of 10/- each. A Preferential Issue of 5,00,000 10% Cumulative Redeemable Preference Shares of ₹100/- each were also issued to part finance the new Spinning Unit. Consequently the preferential capital has increased from ₹2 Crores to ₹7 Crores.

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 Smt. Sharada Sundaram 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 Agreement.

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 revised Clause 49 of the Listing Agreement 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 agreement with the stock exchanges. A separate section on corporate governance under the Listing Agreement, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report (Annexure - 2).

Corporate Social Responsibility Policy

At Suryalakshmi a major concern has been, the sincere effort by the Company to recognise the role played by the Society at large, the environment and its human resources

in its sustainability and growth and to strive to discharge its social responsibility as a corporate citizen. To this end, the Company has always tried to strike a fine balance of economic, environmental and social commitments.

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

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

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

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

Risk Management Policy

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 re-appointment under Section 141 of the Companies Act, 2013, and the rules framed thereunder. In terms of the Listing Agreement, 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, as the Cost Auditors of the company for the Year 2015-16 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 she is free from any disqualifications.

III. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary in Whole-time Practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2015-16. The report of the Secretarial Auditor is annexed to this report as Annexure - 4. With respect to the observation made in the Secretarial Audit Report regarding the inadequate number of Independent Directors, due compliance in Board composition was achieved in May, 2015 and the delay was on account of non availability of suitable persons for the post.

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 of Companies Act, 2013 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 : 29th May, 2015

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, 2015

[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: L17120TG1962PLC000923
- ii) Registration Date: 13th AUGUST, 1962
- iii) Name of the Company: SURYALAKSHMI COTTON MILLS LIMITED
- iv) Category / Sub-Category of the Company: Company limited by shares/Indian - Non Government Company
- v) Address of the Registered office and contact details
6th Floor, Surya Towers, 105, S.P.Road, Secunderabad - 500 003.
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

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main product/services	NIC Code of the Product	% to total turnover of the Company
1	Yarn	13111/13114	39.11
2	Denim Fabric	13121	52.01
3	Power	35102	0.73
4	Garment	14101	8.15

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
I			NIL		

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	9326889	0	9326889	64.22	9326889	0	9326889	55.94	0
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks I PI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	9326889	0	9326889	64.22	9326889	0	9326889	55.94	0
(2) Foreign									
a) Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks I PI	--	--	--	--	--	--	--	--	--
e) Any Other. ...	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	9326889	0	9326889	64.22	9326889	0	9326889	55.94	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	2800	2800	0.02	0	2800	2800	0.02	
b) Banks / FI	152857	0	152857	1.05	67266	0	67266	0.4	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FI's	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(1):-	152857	2800	155657	1.07	67266	2800	70066	0.42	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1165163	66	1165229	8.02	959771	66	959837	5.76	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2086067	150267	2236334	15.4	2341284	147095	2488379	14.92	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1576609	0	1576609	10.86	3657211	0	3657211	21.94	
c) Others (specify)									
Clearing Members	5697	0	5697	0.04	114317	0	114317	0.69	
Non Resident Indians	55875	0	55875	0.39	55591	0	55591	0.33	
Sub-total (B)(2):-	4889411	150333	5039744	34.71	7128174	147161	7275335	43.64	
Total Public Shareholding (B) = (B) (1) + (B)(2)	5042268	153133	5195401	35.78	7195440	149961	7345401	44.06	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	14369157	153133	14522290*	100	16522329*	149961	16672290	100	

* Increase in capital by 21,50,000 equity shares pursuant to a Preferential Issue.

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	
1	Satyabhama Bai	3023032	20.81	0	3023032	18.13	16.54	0
2	Paritosh Agarwal	1478472	10.18	0	1478472	8.87	0	0
3	L.N.Agarwal	1364516	9.4	10.31	1364516	8.18	10.31	0
4	Vedanth Agarwal	1065356	7.34	0	1065356	6.39	0	0
5	Padmini Agarwal	918170	6.32	0	918170	5.51	0	0
6	Aparna Agarwal	651808	4.48	0	651808	3.91	0	0
7	Lakshmi Narayan Agarwal	401890	2.77	0	401890	2.41	0	0
8	L.N.Agarwal	370000	2.55	0	370000	2.22	0	0
9	Padmini Agarwal	53645	0.37	0	53645	0.32	0	0
	Total	9326889	64.22	1.51	9326889	55.94	6.87	0

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

SI No.	Shareholder's Name	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):

SI No.	Folio/CL-ID	Name/Joint Name(s)	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
1	1206300000056932	Shailesh Mulchand Savla			1600000	9.60
2	13498319	Swadeshi Tubes Ltd	400000	2.75	350000	2.10
3	10011221	Vinodchandra Mansukhlal Parekh	311441	2.14	311441	1.87
		Sanjeev Vinodchandra Parekh				
4	1203940000095197	Anil Kumar Goel	135000	0.93		
5	10002938	Mayur Mangaldas Kothari	110107	0.76		
6	10895403	Terranova Technologies Limited	100000	0.69	100000	0.60
7	11300902	Natverlal And Sons Stock Brokers Pvt. Ltd			100000	0.60
8	11532612	Prajin Barter Private Limited	100000	0.69		
9	1206300000049401	Greshma Finvest Private Limited	90049	0.62	96500	0.58
10	10000560	The Oriental Insurance Company Limited	85591	0.59		
11	10001875	Mayank Global Finance Limited	82408	0.57		
12	13291147	Anisha Raoof Dhanani			75473	0.45
13	10028083	Padma Jitendra Parekh	75241	0.52	75241	0.45
		Sanjeev Vinodchandra Parekh				
14	1206300000000133	Jayesh Navnitlal Shah			75000	0.45
15	1206300000047252	Paulomi Ketan Doshi			68000	0.41
		Total	1489837	10.26	2851655	17.10

(v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Name of Director/KMP	Beginning of the year (01/04/2014)	%	Cumulative Shareholding during the year	%
1	L.N.Agarwal	1364516	9.40	1364516	8.18
2	Paritosh Agarwal	1478472	10.18	1478472	8.87
3	Padmini Agarwal	971815	6.69	971815	5.83
4	R.Surender Reddy	28000	0.19	28000	0.17
5	Navrang Lal Tibrewal	NIL		NIL	
6	R.S.Agarwal	765	0.01	0	0.00
7	H.L.Ralhan	650	0.00	650	0.00
8	Neel Lohit	NIL		NIL	
9	Sharada Sundaram	NIL		NIL	
10	E.V.S.V.Sarma	4158	0.03	4158	0.02
11	P.S.Subramanyam	5028	0.03	28	0.00

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ In lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of financial year				
i) Principal Amount	30433	2575	-	33008
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	71	189	-	260
Total (i+ii+iii)	30504	2764	-	33268
Change in Indebtedness during the financial year				
• Addition	2810	1174	-	3984
• Finance Cost & Others	3131	237	-	3367
• Reduction	(6379)	(1153)	-	(7532)
• Finance Cost Paid	(3116)	(426)	-	(3542)
Net Change	(3554)	(168)	-	(3722)
Indebtedness at the end of the financial year				
i) Principal Amount	26864	2596	0	29460
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	86	-	-	86
Total (i+ii+iii)	26950	2596		29546

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ In Lakhs)

SI 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	28.72	33.38	179.10
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.06	0.11	0	4.80	4.97
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	0	0	0	0	0
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission	10.00	10.00	0	0	20.00
	- as % of profit	0.49	0.49	0	0	0.98
	- others, specify ...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	72.46	64.71	28.72	38.18	204.07
	Ceiling as per the Act					204.08

B. Remuneration to other directors:

I. Independent Directors

(₹ In Lakhs)

SI No.	Particulars of Remuneration	Name of Directors			Total Amount
		R. Surender Reddy	R.S.Agarwal	Navrang Lal Tibrewal	
1	Fee for attending board / committee meetings*	0.25	0.36	0.32	0.93
2	Commission	0	0	0	0
3	Others, please specify	0	0	0	0
	Total (1)	0.25	0.36	0.32	0.93

II. Other Non-Executive Directors

(₹ In Lakhs)

SI No.	Particulars of Remuneration	Name of Directors [#]		Total Amount
		Sri. Neel Kumar Lohit	Smt. Sharada Sundaram	
1	Fee for attending board / committee meetings*	0.23	0.10	0.33
2	Commission	0	0	0
3	Others, please specify	0	0	0
	Total (2)	0.23	0.10	0.33
	Total (B)=(1 +2)	0.23	0.10	0.33
	Total Managerial Remuneration			1.26
	Overall Ceiling as per the Act			20.41

paid to IDBI Bank Limited

* Excluding reimbursement of travelling and other expenses incurred for the Company's business / meeting.

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

(₹ In Lakhs)

SI No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	COMPANY SECRETARY	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.		14.89	14.23	29.12
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		-	-	
	(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		14.89	14.23	29.12

VII. Penalties/Punishment/Compounding of Offences:

(₹ In Lakhs)

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

Annexure 2

CORPORATE GOVERNANCE REPORT

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

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

2. Board of Directors :

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

Name of the Directors	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. 00030151	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
Sri Kumar Neel Lohit DIN No. 06504417#	Non-Executive & IDBI Nominee	Nil	Nil	Nil
Smt. Sharada Sundaram * DIN No.7067040	Non-Executive & IDBI Nominee	Nil	Nil	Nil
Dr.Vivekanand** DIN No. 00011684	Non-Executive – Independent	9	1	1
Sri Dhruv Vijai Singh** DIN No. 07180749	Non-Executive – Independent	Nil	Nil	Nil

Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

** Appointed on 29/05/2015

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

Name of the Directors	No. of Board Meetings attended during the period 1st April, 2014 to 31st March, 2015	Attendance at the last Annual General Meeting held on 04/08/2014
L.N.Agarwal	6	Present
Paritosh K.Agarwal	6	Present
R.Surender Reddy	4	Absent
Navrang Lal Tibrewal	4	Present
R.S.Agarwal	5	Present
H.L.Ralhan	3	Present
Padmini Agarwal	5	Absent
K Neel Lohit#	3	Present
Sharada Sundaram*	2	N/A
Dr. G Vivekanad**		
Dhruv Vijai Singh**		

Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

** Appointed on 29/05/2015

Reappointment of Directors

As required by Clause 49 of the Listing Agreement 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 30.01.2011. The Nomination & Remuneration Committee has recommended his re-appointment 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 Clause 49 (VIII) (E) of the Listing Agreement are provided in the Notice to the Annual General Meeting.

The details of shares held by the Non-Executive Directors of the Company in their individual names as March 31, 2015 are furnished below:

Name of the Directors	Designation	No. of Equity shares held
R.Surender Reddy	Director	28000
Navrang Lal Tibrewal	Director	NIL
R.S.Agarwal	Director	NIL
Sharada Sundaram	Director	NIL
Dr. G Vivekanad	Director	NIL
Dhruv Vijai Singh	Director	NIL

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.

b. Composition, name of members and Chairperson

- i. Sri R.Surender Reddy - Chairman, Non-Executive & Independent
- ii. Sri N L Tibrewal - Member, Non-Executive & Independent
- iii. Sri R.S.Agarwal - Member, Non-Executive & Independent
- iv. Sri K Neel Lohit# - Member, Non-Executive & IDBI Nominee
- v. Smt. Sharada Sundaram * - Member, Non-Executive & IDBI Nominee

Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

c. Meetings and attendance during the year

During the financial year March 31, 2015 - Four Audit Committee Meetings were held on 27/05/2014, 04/08/2014, 14/11/2014 and 14/02/2015.

Name	No. of the Meetings attended
R.S.Agarwal	3
R.Surender Reddy	2
N L Tibrewal	4
K Neel Lohit#	2
Sharada Sundaram*	1

Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

4. Nomination & Remuneration Committee

a) Brief description of terms of reference.

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the Executive Directors.

b) Composition, Name of members and Chairperson

1. Sri Navrang Lal Tibrewal - Chairman – Non-executive – Independent
2. Sri R.S.Agarwal - Member – Non-executive – Independent
3. Sri K Neel Lohit# - Member – Non-Executive
(IDBI Nominee Director)
4. Smt. Sharada Sundaram* - Member – Non-Executive
(IDBI Nominee Director)

Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

c) Attendance during the year

During the financial year ended March 31, 2015, one Remuneration Committee Meeting was held on 27/05/2014.

d) Remuneration Policy on appointment of Directors and Senior Management Personnel.

- 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. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- v. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- vi. Relationship of remuneration to performance is clear therein.

and meets appropriate performance benchmarks; and

- vii. Remuneration to directors, key managerial personnel and senior management involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

e) Performance Evaluation:

Pursuant to the provision of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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

f) Details of remuneration to all the Directors, as per format in main report.

(During 01/04/2014 to 31/03/2015)

Name	Designation	Salary & Commission (₹ in lacs)	Perquisites (₹ in lacs)	Total (₹ in lacs)
L.N.Agarwal	Chairman & Managing Director	72.40	0.06	72.46
Paritosh K Agarwal	Managing Director	64.60	0.11	64.71
H.L.Ralhan	Director & Chief Executive (Denim Division)	33.38	4.80	38.18
Padmini Agarwal	Whole Time Director	28.72	-	28.72

Sitting Fees

Name	Designation	Amount (₹)
Sri R.Surender Reddy	Director	25000.00
Sri Navrang Lal Tibrewal	Director	32500.00
Sri R.S.Agarwal	Director	35750.00
Sri Kumar Neel Lohit#	Nominee – IDBI	22500.00
Smt. Sharada Sundaram*	Nominee – IDBI	10000.00

#Nomination withdrawn by IDBI w.e.f. 29/12/2014

* Nominated by IDBI w.e.f. 29/12/2014

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 resolution passed by the Members in the General Meetings, which do not provide for severance fees.

5. 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 - 1 Nos.

No. of Complaints received for the Year ended 31st March 2015 – 41 Nos.

d) Number not solved to the satisfaction of shareholders

NIL

e) Number of pending share transfers.

NIL

6. General Body Meetings:

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

Financial Year	Date	Venue	Time
2011-2012	29/09/2012	"Triveni" Hotel Kamat Lingapur, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad 500 016.	10.30 AM
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.

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

1. At the AGM held on 29/09/2012 –

- i) Revision in the remuneration payable to Mr H.L. Ralhan as Director and Chief executive – Denim Division.

2. At the AGM held on 28/09/2013 –

- i) Revision in the remuneration payable to Mr.H.L.Ralhan as Director and Chief and Executive – Denim Division.

3. At the AGM held on 04/08/2014 –

- i) Reclassification of Authorised Share Capital and Consequent Alteration of Memorandum of Association and Articles of Association.
- ii) Preferential issue of equity shares of the Company.
- iii) Preferential issue of preference shares of the Company.
- iv) Reappointment of Sri L.N.Agarwal, Chairman and Managing Director
- v) Adoption of new Articles of Association in substitution of old.

- vi) Enhancement in the borrowing limits.
- vii) Approval of lease agreement.

7. 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 2014-15 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) Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

c) CEO / CFO Certification

In terms of Clause 49(IX) of the Listing Agreement, the Certificate duly signed by Managing Director and Vice President (Finance) of the Company was placed before the Board of Directors along with the financial statements for the year ended March 31, 2015, at its meeting held on 29/05/2015.

d) 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

e) 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.

f) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

Mandatory requirements: All complied with.

Non-mandatory requirements :

1. The Board : The Board is headed by an Executive Chairman.
2. Shareholder Rights : Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website www.suryalakshmi.com.
3. Audit qualifications : There are no audit qualifications in the report.
4. Separate posts of Chairman and CEO.
There are no separate posts of Chairman & 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.

8. Means of Communication

a) Quarterly results.

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

b) Quarterly results are normally published in which newspapers

The Quarterly results are usually published in Business Standard, Economic Times and Praja Shakti.

c) Any website, where displayed

www.suryalakshmi.com

d) & e)

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

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

9. General Shareholder Information

a) AGM : Date, Time and Venue

Date : Wednesday, 29th July, 2015
 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

23rd July, 2015 to 29th July, 2015

d) Dividend Payment Date

10th August, 2015

e) Listing on Stock Exchanges & Stock Code

The Company's Shares are listed in the following Stock Exchanges.

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

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

Month	National Stock Exchange		The Stock Exchange, Mumbai			
	Share Price (₹)		Share Price (₹)		Sensex	
	High	Low	High	Low	High	Low
April, 2014	47.95	40.05	51.80	40.00	22939.31	22197.51
May, 2014	59.70	41.00	58.20	40.60	25375.63	22277.04
June, 2014	81.50	48.25	81.00	48.00	25725.12	24270.20
July, 2014	110.90	70.00	111.40	69.50	26300.17	24892.00
August, 2014	138.35	92.30	138.80	93.00	26674.38	25232.82
September, 2014	154.00	118.60	155.00	119.00	27354.99	26220.49
October, 2014	128.50	103.00	127.25	104.00	27894.32	25910.77
November, 2014	123.75	100.75	119.70	102.00	28822.37	27739.56
December, 2014	116.00	93.60	111.40	94.00	28809.64	26469.42
January, 2015	110.00	90.60	111.80	91.00	29844.16	26776.12
February, 2015	101.50	88.65	98.80	89.55	29560.32	28044.49
March, 2015	103.00	73.80	101.95	76.00	30024.74	27248.45

g) Registrar & Transfer Agents

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

h) Share Transfer System:

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

i) Distribution of shareholding.**Shareholding pattern as on 31.03.2015.**

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	6259907	37.55
Bodies Corporate	959837	5.76
Banks & Financial Institutions	67266	0.40
Mutual Funds	2800	0.02
FII's	0	0.00
Non Resident Indians	55591	0.33
	16672290	100

Distribution of shareholding

As on 31/03/2015

Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
Upto 5000	5054	81.28	6624110.00	3.97
5001 – 10000	519	8.35	4161720.00	2.50
10001 – 20000	275	4.42	4268990.00	2.56
20001 – 30000	97	1.56	2482040.00	1.49
30001 – 40000	54	0.87	1948820.00	1.17
40001 – 50000	46	0.74	2188750.00	1.31
50001 – 100000	85	1.37	6047880.00	3.63
100001 and above	88	1.41	139000590.00	83.37
TOTAL	6218	100	166722900	100

i) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialisation on both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 16522329 shares amounting to 99.10% of the Capital have been dematerialised by investors as on 31st March, 2015.

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

j) 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.

k) Plant Locations**Yarn Divisions**

- Amanagallu
Mahabubnagar Dist.
Telangana - 509 321
- Amravati (under erection)
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

I) Address for correspondence :

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

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

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

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

The above report has been approved by the Board of Directors in their meeting held on 29/05/2015.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Suryalakshmi Cotton Mills Limited Code of Conduct for the year ended March 31, 2015.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Date : 29th May, 2015
Place : Secunderabad

L.N.AGARWAL
Chairman & Managing Director

Auditors' Certificate on compliance of Corporate Governance

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, 2015 as stipulated in Clause 49 of the listing agreement of the Company with Stock Exchanges in India.

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, 2015, no investor grievances are pending against the Company as on 31st March, 2015 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Hyderabad
Date : 29th May, 2015

K.S.RAO
Partner
(Membership No. 015850)

Board's report on CSR Policy (Annexure 3)

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs.	Suryalakshmi is acutely conscious of the contribution of the society at large to its growth and well being as a corporate citizen. To this end the Company has formulated a CSR policy which recognises the policy as an engine for inclusive growth. The Company has worked on areas like health care, animal welfare, promotion of rural education, 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. CSR activities of Suryalakshmi are carried out through:- Contributions to various Trusts / Societies and directly by Company.
2	The Composition of the CSR Committee.	Sri L.N.Agarwal – Chairman Sri R.Surender Reddy – Member Sri Paritosh K.Agarwal – Member
3	Average net profit of the Company for last three financial years (Profit before Tax)	₹3248.07 lakhs
4	Prescribed CSR expenditure (two percent of the amount as in Item 3 above)	₹64.96 lakhs
5	Details of CSR spend during the financial year. a) Total amount to be spend for the financial year; b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below.	₹64.96 lakhs ₹46.80 lakhs

1 S. NO.	2 Csr Project or Activity Identified	3 Sector in which the Project is covered	4 Projects or Programmes (1) Local Area or Other (2) Specify the State & Dist. Where Projects or Programmes was Undertaken	5 Amount Outlay (Budget) Project or Programs wise (₹)	6 Amount Spent on the Projects or Programs (1) Direct Expenditure on Projects or Programs (2) Over Head (₹)	7 Cumulative Expenditure upto to the Reporting Period (₹)	8 Amount Spent: Direct or through Implementing Agency
1	Child Section - Paediatric Unit	Health Care	Tribal & Rural Belt of Ramtek, Dist. Nagpur, Maharashtra	1,600,000	600,000	600,000 Spent: 1,000,000 in FY 2013-14	SHRI LAXMI NARAYAN DEVASTHAN TRUST
2	Eye Cataract Surgery	Preventive Health Care	Tribal & Rural Belt of Ramtek, Dist. Nagpur, Maharashtra	450,000	300,000	300,000 Spent: 150,000 in FY 2013-14	YOGIRAJ SWAMI SITARAMDASJI MAHARAJ HOSPITAL RESEARCH CENTRE
3	Gau Seva	Animal Welfare Project	Hyderabad, Telegana State	75,000	71,000	71,000	BHAGYANAGAR GAU SEVA
4	Contribution for Animal Welfare at Nehru Zoological Park	Animal Welfare Project	Hyderabad, Telegana State	120,000	110,000	110,000	CURATOR, NEHRU ZOOLOGICAL PARK
5	Generous & Philanthropic Contribution to Police Welfare Fund	Welfare Fund	Nagpur, Maharashtra	100,000	100,000	100,000	P A TO SUPERINTENDENT OF POLICE
6	Renovation of School	Promoting Education	MPP Middle School, Vittai Pally, Amangal, Mahboobnagar Dist., Telegana	823,000	512,714	512,714	Direct by the Company
7	Sponsor-A-Child(SAC) Scheme	Education	Dibrugarh, Assam - 786001	22,000	22,000	22,000	VIVEKANANDA KENDRA VIDYALAYA, ARUNACHAL PRADESH TRUST
8	Annadanam(Food for Life)	Welfare Fund	Dabilpur Village, Medchal, R R Dist., Telangana State	100,000	100,000	100,000	INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS (IVKGT)
TOTAL				3,290,000	1,815,714	2,965,714	

HEALTHCARE CAMP AT RAMTEK, MAHARASHTRA**Annexure 4****Secretarial Audit Report** for the financial year ended 31-03-2015**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 of

SURYALAKSHMI COTTON MILLS LIMITED, HYDERABAD.

- I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by 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.
- Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
- I have examined the books, papers, minute books, forms and returns filed and other records maintained by Suryalakshmi Cotton Mills Limited (hereinafter called

as “the Company”) for the financial year ended on 31st March, 2015 (“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;
 - 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, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - vi. Secretarial Standards issued by The Institute of Company Secretaries of India.
 - vii. The Listing Agreements entered into by the Company with Stock Exchange(s),
4. 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) Hank Yarn Packing Notification issued under the Essential Commodities Act , 1955
 - ii) The Electricity Act, 2003
5. I, further report that the Company has, in my opinion, complied with the provisions of Companies Act, 2013 and rules made there under, as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company.
6. I, further report that there were no instances which required to be complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act, to the extent it is applicable.
7. I, further report that the Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.
8. I, further report that the Company has complied with the provisions of the Depositories Act, 1996 and the bye laws framed there under.
9. I, further report that the Company has complied with 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, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d.. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

and there were no instances which required to be complied with the following Regulations and Guide lines prescribed under the Securities and Exchange Board of India Act 1992 (" SEBI Act")

a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

c. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

10. I, further report that:

a. The Company has complied with the clauses of Equity Listing Agreements entered into with stock exchanges.

b. Secretarial Standards were not considered in the Audit, as the same were not notified during the period considered for Audit.

11. I, further report that, with reference to the compliances of Industry Specific Acts of the company. I have relied on representations made by the Company and its officers and the Company has complied with all provisions of the Industry specific Acts and rules made there under

12. I, further report that, with reference to the compliance of the Commercial, Labour, Environmental and Financial Laws, I have relied upon Compliance Certificates issued by respective Department heads and also report of Statutory

and Internal Auditors. My report of compliance would be limited to their reporting and subject to the observations and comments made by them in their report, if any.

13. I, further report that:

a. The Board of Directors of the Company is duly constituted except in respect of number of Independent Directors.

b. 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.

c. 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.

d. 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.

e. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

f. It is also noted that the Company has an Internal Audit System to constantly monitor the process for efficient compliances.

14. 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 applicable laws, rules, regulations and guidelines.

15. I, further report that during the audit period, the Company has issued and allotted 21,50,000 equity shares of ₹10/- at a price of ₹75/- per share to non- promoters of the Company on preferential basis and 5,00,000, 10% Cumulative redeemable Preference shares of ₹100/- each at par to the promoters of the Company.

Place : Hyderabad

Date : 29th May, 2015

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

1. The steps taken or impact on conservation of energy;	All the manufacturing units take conscious efforts in conserving energy in different forms like energy conservation projects, minimising wastage, use of alternate sources, etc.
2. The steps taken by the company for utilising alternate sources of energy;	An energy audit was undertaken by a firm of consultants to improve upon the energy conservation measures. The recommendations from the audit were implemented. The Company's consumption of energy per unit of production is one of the lowest in the industry.
3. The capital investment on energy conservation equipments;	Some initiatives on recurring Energy Savings in Denim Fabric division and power plant:
	(1) Optimised use of ACC fans by running at lower RPM, resulting in energy savings of 450 mw p.a., amounting to ₹27 lakhs p.a.
	(2) To conserve energy, the Company has started replacing existing conventional tube lights with LED lights and the same will be implemented in the entire plant in phased manner.
	(3) Eco-ventilation provided in three Departments and restricted the usage of electrical operated exhaust fans.
	(4) Optimised power consumption by reducing the use of number of lights in power plant at night.
	(5) Constant review of production processes and education of the workforce in proper utilisation of equipment.

B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption;	NOT APPLICABLE
2. The benefits derived like product improvement, cost reduction, product development or import substitution;	The Company is having R & D in introduction and development of value added products. New value added products are constantly developed.
3. 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
4. The expenditure incurred on Research and Development.	
a) Capital	₹8533/-
b) Recurring	₹45,64,119/-
c) Total	₹45,72,652/-

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.

	(₹ In Lakhs)	
	2014-15	2013-2014
(i) Foreign Exchange Earned		
FOB Value of Exports :	8112	7769
CIF Value of Exports :	8294	8064
(ii) Foreign Exchange Used		
a) Commission on export sales :	133	151
b) Foreign Travel Expenses :	31	17
c) Raw material :	782	476
d) Plant / Machinery & Others :	266	81
e) Stores & Spares :	2201	1437
f) Repayment of loans :	589	500
g) Interest :	151	170
h) Foreign Technical and Consultancy services :	10	72
i) Others :	39	8

Annexure 6

Management Discussion & Analysis



Global economy

Global economic growth stood at 3.4% during calendar year CY2014, similar to CY2013. United States registered an improved GDP to 2.4% in CY2014 compared to 2.2% in CY2013. China's economy grew by 7.4% in CY2014 compared to 7.8% in CY2013. Monetary policies remained diverse across economies during the year. While the United States withdrew quantitative easing in 2014, the Euro Zone and Japan expanded their monetary easing programmes. A key highlight during the year was the sharp decline in commodity prices,

particularly of crude oil. The price of benchmark Brent crude fell from USD 108/barrel in the beginning of fiscal 2015 to USD 55/barrel by end-March 2015. This subsequently led to reduced inflation rates for countries like India and others. Emerging countries bounced back with buoyancy on back of improved domestic scenario as well favourable macro economic factors. India emerged as fastest growing economy in quarter four of FY 2014-15, overtaking China on q-o-q basis and is set to progress further with distinctive and positive reforms.

Global economy growth at a glance (%)

	2013	2014	2015 E
World output	3.3	3.3	3.5
Advanced economies	1.3	1.8	2.4
Emerging and developing economies	4.7	4.4	4.3

(Source: International Monetary Fund, January 2015)

Indian economy

The Indian economy started FY 2014-15 on a positive note with significant improvement in market and business sentiment, following the General Elections in May 2014. Thereafter, a supportive global commodity price environment along with gradual improvement in governance resulted in increase in economic output.

In 2015, the Central Statistical Organisation (CSO) introduced a new methodology for calculation of Gross Domestic Product (GDP) and also revised the base year from fiscal 2005 to fiscal 2012. This led to GDP growth for FY 2014-15 at 7.3% as against 6.9% in FY 2013-14. The continued drop in international crude oil prices also led to fall in inflation. Inflation, measured by Consumer Price Index (CPI) was also recalibrated to new base year fiscal 2012, from the earlier base year of 2010. It eased to 5.4% in March 2015 from 8.4% in March 2014. . Food inflation dropped from 8.6% in March 2014 to 6.2% in March 2015, housing inflation eased from 12.7% to 4.8%, and services inflation from 6.4% to 3.0% during the period. Core CPI inflation, excluding food and fuel, reduced significantly from 8.0% in March 2014 to 3.8% in March 2015. The average CPI inflation for fiscal 2015 was 6.0%. With further reforms expected, the country is expected to register a higher GDP in the coming fiscal, backed by controlled inflation and reducing fiscal deficit.

Global Scenario in Textiles

The global textile industry is undergoing pragmatic shift of production bases from developed to emerging countries since the beginning of this century. Several structural changes have led to a new business environment that the global textile industry needed to adapt to and still does. Today, with these changes, the developing economies and least developed countries contribute almost 70% of the world exports of textiles and clothing. In 2013, China alone accounted for 34.8% of the world textile exports and 38.6% of the world clothing exports. However, the rising cost of production (particularly labour cost) has resulted in emerging and developed economies (like India, Sri Lanka and Bangladesh) to emerge as preferred destination for the leading brands and marketers.

The increased share of these countries in exports of textiles has contributed positively to their economic growth and generating employment. Textile production is always an important first step towards industrialisation, and the sector continues to provide an alternative for workers in low-wage agriculture or service jobs even after other manufacturing sectors are established, especially for women and the less-skilled. The apparels and garments have been major driving force for some of the countries. With leading brands looking for cost-effective and quality focused destinations, the garments and apparels segments are set to rise in the near future. The global apparel constituting 1.8% of the World GDP is estimated to reach US\$ 2110 bn by 2025 from US\$ 1146 bn in 2013.

Global apparel market size

Region	2013	2025E	CAGR (%)
EU-27	355	440	2
US	230	285	2
China	165	540	10
Japan	110	150	2
Brazil	60	100	5
India	46	200	12
Russia	45	105	8
Canada	30	50	4
Australia	25	45	5
Rest of the world	80	195	8
Total	1146	2110	5

(Source: FICCI, Knowledge paper on driving growth through innovation)



The Suryalakshmi advantage

With India emerging as a leading and preferred destination for several multinational brands of the globe, Suryalakshmi Cotton is positioned to strengthen its leadership further. With increasing labour cost in China and unregulated textile firms being shut in Bangladesh, India is set to increase its market share in global textile market. The integration across the value-chain and leadership position in Original Denim Manufacturing segment, Suryalakshmi Cotton is expected to grow further in the coming years.

Industry overview

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. The Indian textiles industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity.

In the world textile context, India holds a dominant position across the value-chain of textile. For example, it is the second largest producer of raw cotton; it is second largest producer of cotton yarn; it is the second largest producer of cellulosic fibre/ yarn; it is largest producer of silk; it is the fourth largest producer of synthetic fibre/yarn and it is the largest producer of jute.

The textile industry in country accounts for more than 26% of the manufacturing sector; constitutes 14% of the total industrial production; comprises 18% of the industrial employment; provides direct employment to more than 45 million people; contributes approximately 17% of the total export earnings and 4% of the GDP.

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. Globally, India is the largest producer of jute fibre and 2nd largest producer of cotton, silk, cellulosic and synthetic fibres. Other than 100% cotton yarn, cotton is spun with other fibres to produce blended yarns. Some of the major blended yarns exported from this Country are polyester/cotton, cotton/viscose and acrylic/cotton.

The Indian textiles industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The industry is expected to reach US\$ 220 bn by 2020. The organised apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13% over a 10 years period.

Yarn

Global cotton supply continues to outpace demand, resulting in increase in cotton stocks for the fifth consecutive year. The global cotton production in CY 2014/15 is expected to be lower by ~1.1% as compared to the previous cotton season at ~152.4 million bales, due to the decline in production in China, Brazil and Australia, though the decline will be moderated by the expected increase in production in USA and Turkey.

The Cotton Association of India (CAI) estimates total cotton supply at 455.40 lakh bales while domestic consumption is estimated at 310.00 lakh bales for the year 2014-15. The growth in the domestic cotton yarn production has slowed down in FY 2015 (YTD) as the spinning mills have been operating at high utilisation levels which has resulted in capacity constraints. However, with changes in cotton policy in China leading to increased consumption of domestic cotton, the import demand of Indian yarn from China has reduced. This is also reflected in decline in the yarn exports from India by ~11% in H1 FY 2015 over the same period last year to 544 million Kg. The domestic yarn prices which had remained firm till July 2014 have started declining since August 2014 due to decline in the domestic cotton prices and also due to moderation in the export demand which has resulted in oversupply in the domestic market. The Indian yarn prices have declined by ~17% over the period

from July 2014 to December 2014 in rupee terms (~₹ 167/Kg in December 2014) and by ~19.2% in USD terms (USD 2.69/ Kg in December 2014). Reduced cotton prices and export demand shall continue to exert downward pressure on cotton yarn prices. (Source: ICRA Report, January 2015)

Polyester Yarn

The prices fell significantly in 2014, due to declining crude oil prices. From the levels of US \$1000/ Tons in March 2013, it fell to below US\$800 / Tons by December 2014. Turnover on this score declined by 5%. However, since the beginning of 2015, the prices are heading upwards steadily.

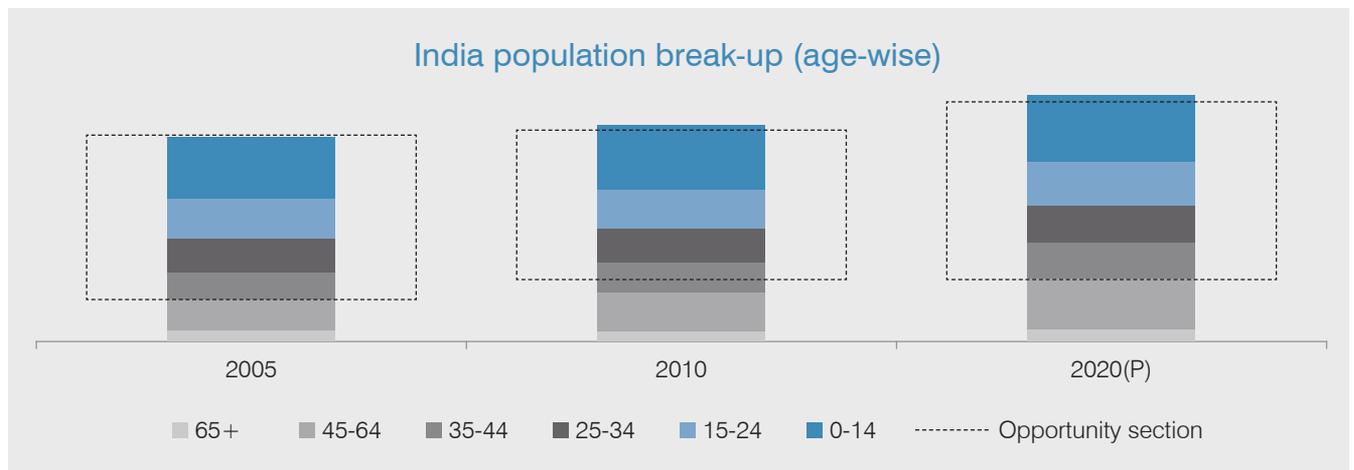
Denim

Market Size and growth of denim is of the most promising category in India's apparel market. In 2013 the denim market of India was worth INR 13,500 Cr. which accounts for 5% of the total apparel market of the country. The market is projected to grow at a Compound Annual Growth Rate (CAGR) of 15% to

become an INR 27,200 Cr. market in 2018.

In general, the western life style and western fashion has accelerated the trend of casualisation across countries. This trend has boosted the consumption of casual fashion apparel like denims among both men and women. Denim manufacturing and consumption in India has grown at a CAGR of up to 15% over the last decade and is expected to grow at similar levels over the next few years. Currently, the per capita denim ownership in India is 0.3 denims per person as compared to 1 pair in China and 8 pairs in USA.

The main drivers of growth for denim fabric are favourable demographic profile, expansion of retail in the Country, rapid growth in tier II and III cities, availability of global fashion brands like Zara, Levi's and M&S in the Country and denim wear endorsements by Bollywood biggies are behind the boost in the domestic market. New denim product categories like Children's wear, lifestyle fashion products, formal office wear and furnishings will also drive the growth.



The Suryalakshmi advantage

Over the years, the Company has made conscious investments in expanding capacity in its yarn division. Today, the Company is among the few players in the industry to have presence in value-added yarn production (like Synthetic and blended yarn). This not only contributes to topline but also adds to integration of the fabric and garment division, to help produce value-added products thereon.



Garments

Garments business is now picking up in India with increasing labour costs in China. In addition, there is an increase in domestic consumption, which is further fuelling the growth and demand for finished garments. Apart from this, it requires significant level of industrial engineering. Traditionally, China, Bangladesh, Africa, Sri Lanka and Vietnam have dominated the garment manufacturing over the years. While India has always been among the largest fabric exporters globally, now it is an emerging destination for major branded players for garment manufacturing with its advantage over cost-effectiveness and quality benchmarks.

India's growing global presence

India has improved its ranking to second position as per the recent data released by 'UN Comtrade' in Global Textiles as well as Apparel Exports, beating its competitors like Italy, Germany and Bangladesh, with China still retaining its top position.

This has been achieved on the backdrop of sustained strengths of the country. First, our country still enjoys the low skilled labour cost, one of the primary advantages to pull the biggest multinational brands. Second, the government policy of diversification of market and product base has helped us venture into newer markets across the globe. Third, the adequacy of raw material availability at competitive prices has aided in cost of production.

This has led to the increase in share of country's global textile market to 17.5% by 2013. The total global textiles exports are to the tune of US\$ 772 billion (in 2013) with India commanding 5.2% of the share. This growth in the increase in share of the Textiles Exports from India is largely attributed to the growth in the Apparel and Clothing sector as it accounts for the almost 43% of the share alone.

Opportunities

- Low cost of production: With the growing economy, India is today a dream market for most marketers. The availability of low cost of skilled labour and creation of state-of-the art infrastructure by most companies, create an ideal situation for India to grow further.
- Global competitiveness: Currently India is the second largest exporter of textiles in the world with a share of 5%, behind China enjoying a share of 39%. However, increasing labour cost in China and non-compliance of regulatory norms

by large factories in Bangladesh, presents India a significant advantage.

- Vendors to partners: With large number of global textile players heading to India, the manufacturers are now not just supplying, but partnering with the world's leading brands. The long-term association does not only add sustained order book flow for the companies, but adds to the enhanced profitability levels as well.
- Make in India: The government's thrust on the 'Make in India' concept aids in futuristic growth in more ways than one. An experienced, enriched and technologically empowered textile sector will only emerge as an international powerhouse in the coming time.

Road ahead

After a setback that lasted a few months, our textile sector is currently showing some improvement in both domestic and global markets. Cotton prices have stabilised and the steep decline in the prices of crude oil has made synthetic fibres more affordable.

According to governments Index of Industrial Production, textiles production registered a positive growth of 2.8% in 2014-15 over the previous year. The cumulative index for the year stood at 152.4 as compared to 148.3 in 2013-14. In comparison, the wearing apparel sector registered a growth of 5.2% over the previous year. Denim textile is growing at 15% to 20% on yearly basis, the fastest growing segment among textiles. The cumulative index for the year 2014-15 stood at 180.5 compared to 171.6 in 2013-14. This growth also contributed to the growth of the manufacturing sector, which posted a growth of 2.3% in 2014-15 compared to a negative growth of (0.8)% in the previous year.





Company overview

Suryalaxmi Cotton Mills is today among the country's leading Original Denim Manufacturer (ODM). We manufacture Cotton, Polyester and Blended Yarns in its Spinning Division at Amanagallu in Mahabubnagar District, Telangana, Denim Fabric at its Denim Division at Village Nagardhan, near Ramtek, Maharashtra and Garments at its Garment Division in Thummaluru, near Hyderabad. The Company also has a Captive Power Plant at Ramtek, Maharashtra. Our plants are accredited with global certifications like:

- Business Social Compliance Initiative (BSCI): BSCI is a leading business-driven initiative for companies committed to improving working conditions in factories and farms worldwide.
- ISO 14001:2004 Certification: The ISO 14000 provides practical tools for companies and organisations looking to identify and control their environmental impact and constantly improve their environmental performance.
- ISO 9001:2008 Certification: The ISO 9001 standards provide guidance and tools for companies and organisations who want to ensure that their products and services consistently meet customer's requirements, and that quality is consistently improved.
- OEKO-TEX® Standard 100 Certification: The OEKO-TEX® Standard 100 is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production.
- Supplier Ethical Data Exchange (SEDEX): SEDEX is a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.
- Sedex Members Ethical Trade Audit (SMETA): Developed by SEDEX, SMETA (SEDEX Members Ethical Trade Audits) is a common audit methodology and report format compiling best practices in ethical trade audit techniques.

Business segments overview

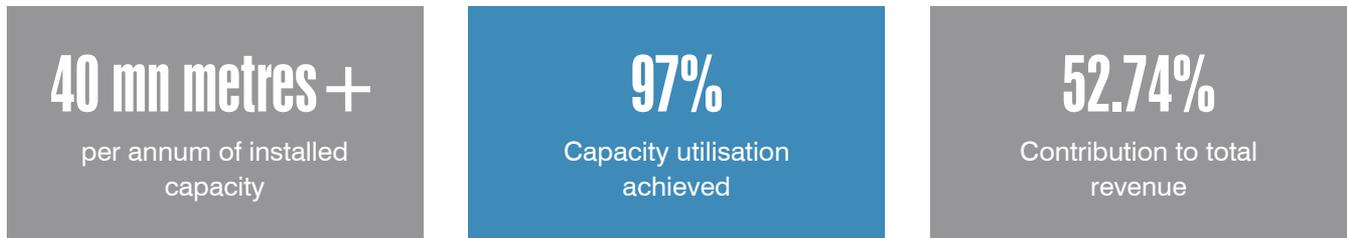
Yarn



With production facilities across two units, the yarn division has been the value driver for the company over the years. With the focus on producing value-added yarn, the company expects to increase the capacity to 87,000+ yarns with its upcoming facility at Amravati, Maharashtra. The unit will manufacture value-added and fancy yarns, such as ring, slub and compact. The facility will be supported by state-of-the-art machines, such as Amsler Slub attachment from Switzerland, Coreyarn attachment from Pinter, Spain, Eli Twist Compact

from Suessen, Germany. This yarn will be consumed internally and further exported. The project will avail tax savings and TUF subsidies from the Maharashtra Government in addition to interest subsidy from the Central Government. These state-of-the-art technologies provide the Company a significant edge in producing value-added yarn, further integrated and processed to produce value-added denim fabric, meeting the demands of today's evolving fashion industry.

Denim



As a forward integration, the company has established its integrated denim manufacturing unit. The integration allows it to achieve economies of scale, accelerate production and achieve optimum product mix. In line with the evolving fashion

trends, the Company has a dedicated team of designers who work closely with the leading brands to deliver designs and fashions that suit their requirements.

Garments



A step further into integration, the Company's garment division is a value-accretive division. The in-house capabilities and complete integration allows the company to generate higher margins, and serve its discerning customers. In line with

optimistic future, the company expects to four-fold its capacity levels in the near future to 16,000 garments per day from the current levels.



Power Plant

It's 25 MW thermal power plant at Ramtek, Maharashtra helps cater the captive power demand, and reduce the company's energy costs. The result: The Company's power cost per kilowatt/unit has reduced from ₹8 to ₹6; coal cost reduced from ₹6 to ₹4. Overall this will help the company in power cost savings, adding directly to its profitability.

Adapting to fast fashion

Currently, fashion as a terminology is evolving faster than it was earlier. The consumer demands are changing quickly, with new trends emerging at much faster rate to capture the taste of the consumer. The leading brands and manufacturers are expected to produce new styles and designs to capitalise on the dynamic consumer mindset.

Fresh designs and minimum shelf-life in stores is the demand of leading brands in the world today. This helps the consumer come back again to check out new designs and increases the purchasing power. Thus, it is increasingly important for the brands to ensure their concept to design to store cycle is the least.

Suryalakshmi Cotton gains an edge in today's evolving fast fashion value chain. Manufacturing in bulk, fashionable products at competitive cost is what is driving the leading denim brands towards Suryalakshmi. The quick turnaround in production to delivery, in a maximum time of 18 months (from the previous industry average of 36 months) has helped the leading brands not only garner a larger share of market, but also have low inventory cost. This concept of quick turnaround from design to delivery will be a game changer for the Company in the coming years.

Risks and mitigation

Economic slowdown

Textile as a product is highly dependent on macro-economic scenario of the countries across the world. Any slowdown in the economy might have a direct impact on the operations of the Company. With the new government at the centre, the country is expected to potentially hit the sweet spot in the coming few years, and reaffirm its position as the fastest growing country in the world, overtaking China. This will adequately help the Company to sustain its topline and profitability levels.

Evolving fashion trends

The Company might lose its customers and market share if it does not cater to the changing needs of its customers. The Company has set up a dedicated team advised by an Italian designer that monitors and understands the fashion trends across the globe. This helps the Company produce different shades, textures and fabric which create a benchmark for their clients. This has helped company generate majority of its revenues from value-added products.

Increase in cotton prices

Cotton accounts for significant portion of the cost of production for textile. Volatility in the cost of raw material, might dent the margins of the company and affect its bottomline. The Company has plants located within close proximity to cotton growing regions, which adds to savings on its procuring cost. In addition, it also sources bulk of its requirements from regulated government agencies, at reasonable cost and assured supply.

Appreciation in Indian currency

Majority of the revenues of the Company is derived through exports. Any significant appreciation in currency might result in loss of revenues in near short-term for the Company. The volatility in currency is directly linked to raw material prices. Hence, any significant appreciation in the currency, will result in decline of raw material prices, thus giving a natural hedge, with no impact on margins.

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.

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 4624.

Discussion on Financial Performance

Operations

The net sales for the year ended 31 March, 2015 at ₹705 Crores is nearly same as that in the last year. However, the profit before tax at ₹18.31 Crores shows a small increase of 8% over that of the last year, while net profit after tax shows a marginal increase of 3.9%.

The operations of the denim division were affected for nearly two months on account of agitation by the workers. This resulted in a loss of sales of around ₹75 Crores and resultant profits. Agreements on wages have since been entered into with the workers. The denim division resumed normal operations from 2nd week of March, 2015. The overall turnover of the Company and the profit would have been significantly higher but for this strike.

Production in Spinning, Denim and Garment Divisions has remained at the same levels as last year. During the year, the Yarn segment was subdued on account of fall in international crude prices. Garments Division, however, did better.

The profitability of power plant was adversely affected for some months by the high cross subsidy charged by MSDCL for permitting open access to third party sales which resulted in unworkable rates for such sales. Coal at base price was available only from the second half of the year. As a result during the year the profitability remained subdued from power

plant. However, now the situation has improved significantly both in terms of availability of coal linkage at the base price and also the improved open access for third party sales. There will be further improvement with the commissioning of Amravati Unit for which the power will be supplied captively by the Company's own power plant at Ramtek.

The Company's efforts in development of new products and strengthening ties with high end buyers who have added the Company as a preferred supplier have started yielding results. Operation of new spinning unit with captive power will further boost the profitability of the Company by reducing the dependence on suppliers for high quality yarn.

In the current optimistic scenario in the economy the Company is confident of a good future, in spite of the recessionary trends still seen in export markets. The Company has further plans to modernise its operations in Amanagallu and also the Denim Plant at Ramtek.

The Company is excited with its new state of the art spinning plant of 26016 spindles of ₹131 crores coming up at Amravati. Commercial production is expected from 1st Oct 2015. The new plant is equipped with latest technology which will help company achieve backward integration for its new range of denim fabrics.

With garment production enhanced to 5000 garments per day and now expected to increase to 16000 garments the coming years look very good for the company.

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.

**Financial
Section**

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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. 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, 2015, 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, 2015 ("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 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 (1) to (5) of financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were 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.S.RAO)
Partner
Membership No. 015850

Place : Hyderabad
Date : 29.05.2015

Annexure 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, 2015.,

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 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.
2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. The Company is maintaining proper records of inventory. 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 or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
b. In view of our comment in paragraph (a) above, Clause (III) (a) and (b) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
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 of the Company, the company is regular in depositing undisputed statutory dues including provident fund, employees 'state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other statutory dues with the appropriate authorities.
b. According to the records of the Company, no undisputed statutory dues including provident fund, employees 'state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
c. 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	Amount (₹ in Lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Excise Duty	32.89	2005-06	CESTAT, Mumbai
TPS #	3307.33	2004-05	Jt. DGFT, Hyderabad
Customs Duty #	559.37	2004-05	DRI, Hyderabad
Excise Duty	10.26	2011-12 & 2012-13	CESTAT, Bengaluru
Custom Duty	61.49	2009	Hon'ble High Court of Judicature of Hyderabad
Income Tax	3.93	2008-09	CIT, Hyderabad
Income Tax	10.85	2011-12	CIT, Hyderabad
Income Tax	65.27	2012-13	CIT, Hyderabad

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

- d. According to the records of the Company, there were no amounts which were required to be transferred to Investor Education and Protection Fund. Therefore, the provisions of clause 3 (vii) (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
8. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.
9. 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.
10. The Company has not given any guarantee for the loans taken by others from banks and financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
12. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

(K.S.RAO)
Partner
Membership No. 015850

Place : Hyderabad
Date : 29.05.2015

Balance Sheet

as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	2,544.53	1,829.53
(b) Reserves and surplus	2	29,633.73	28,965.25
		32,178.26	30,794.78
2 Non-current liabilities			
(a) Long-term borrowings	3	12,442.02	15,029.81
(b) Deferred tax liabilities (Net)		3,253.11	3,020.75
(c) Long-term provisions	4	447.20	388.62
		16,142.33	18,439.18
3 Current liabilities			
(a) Short-term borrowings	5	11,449.79	13,317.35
(b) Trade payables		6,065.07	5,163.22
(c) Other current liabilities	6	7,505.46	7,025.62
(d) Short-term provisions	7	1,054.86	724.28
		26,075.18	26,230.47
Total		74,395.77	75,464.43
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		41,812.80	45,118.52
(ii) Intangible assets		63.10	88.90
(iii) Capital work-in-progress		1,021.56	21.75
(b) Long-term loans and advances	9	396.49	419.67
(c) Other Non Current Asset	10	60.95	85.36
		43,354.90	45,734.20
2 Current assets			
(a) Current investments	11	9.76	9.95
(b) Inventories	12	13,790.79	11,074.98
(c) Trade receivables	13	10,338.18	10,961.20
(d) Cash and cash equivalents	14	980.40	883.23
(e) Short-term loans and advances	15	3,161.54	3,092.82
(f) Other current assets	16	2,760.20	3,708.05
		31,040.87	29,730.23
Total		74,395.77	75,464.43

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

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao

Partner
Membership No.015850

E. V. S. V. Sarma
Company Secretary

P. K. Agarwal
Managing Director

Place : Secunderabad
Date : 29.05.2015

P. S. Subramanyam
Vice President (Finance)

Navrang Lal Tibrewal
Director

Statement of Profit and loss for the year ended 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Note No.	Current Year 31st March, 2015	Previous Year 31st March, 2014
I. Revenue from operations	17	70,500.91	70,185.76
II. Other income	18	933.31	1,102.74
III. Total Revenue (I + II)		71,434.22	71,288.50
IV. Expenses:			
Cost of materials consumed	19	39,847.43	42,689.11
Purchases of Stock-in-Trade		1,532.74	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	(761.71)	(530.20)
Employee benefits expense	21	5,492.32	4,786.22
Finance costs	22	3,367.15	3,694.16
Depreciation and amortisation expense	23	3,179.59	3,209.13
Other expenses	24	16,933.46	16,265.95
Total expenses		69,590.98	70,114.37
V. Profit before exceptional items and tax		1,843.24	1,174.13
VI. Exceptional Items (Add / Less)			
(A) Sales Tax Subsidy / Refund		121.72	515.51
(B) Arrears of Wages as per Workers' Agreement		(133.79)	-
VII. Profit before tax		1,831.17	1,689.64
VIII. Tax expense :			
(1) Current tax		382.00	343.00
(2) Deferred tax		232.36	175.44
Sub-Total - Tax expense :		614.36	518.44
IX. Profit for the period, after tax		1,216.81	1,171.20
X. Earnings per equity share:			
(1) Basic		7.35	7.98
(2) Diluted		7.00	7.98

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

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

K.S.Rao

Partner
Membership No.015850

E. V. S. V. Sarma
Company Secretary

P. K. Agarwal
Managing Director

Place : Secunderabad
Date : 29.05.2015

P. S. Subramanyam
Vice President (Finance)

Navrang Lal Tibrewal
Director

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Amount	Number	Amount
Note 1. Share Capital :				
Authorised				
Equity Shares of ₹10 each	30,000,000	3,000.00	30,000,000	3,000.00
0.1% Cumulative Redeemable Preference shares of ₹100 each	-	-	672,000	672.00
5% Non Cumulative Redeemable Preference shares of ₹100 each	200,000	200.00	200,000	200.00
10% Cumulative Redeemable Preference shares of ₹100 each	672,000	672.00	-	-
	30,872,000	3,872.00	30,872,000	3,872.00
Issued				
Equity Shares of ₹10 each	23,201,556	2,320.16	21,051,556	2,105.16
0.1% Cumulative Redeemable Preference shares of ₹100 each	-	-	672,000	672.00
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	500,000	500.00	-	-
	23,901,556	3,020.16	21,923,556	2,977.16
Subscribed & Paid up				
Equity Shares of ₹10 each	16,672,290	1,667.23	14,522,290	1,452.23
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	-	-
	17,372,290	2,367.23	14,722,290	1,652.23
Forfeited Shares		177.30	-	177.30
Total	17,372,290	2,544.53	14,722,290	1,829.53

- (a) During the financial year, the Authorised Capital of the Company has been reclassified consisting of 3,00,00,000 Equity Shares of ₹10/- each, 672,000 - 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 current financial year, the Company has issued and allotted 2,150,000 fully paid up Equity shares of ₹10/- each at a Share premium of ₹65/- per Equity Share.
- (c) During the current financial year, the Company has issued 500,000 - 10% Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, to part finance Company's Spinning Project at Amravathi, near Nagpur, Maharashtra. The same will be redeemed on 18th August, 2026.
- (d) 8,032,267/- Equity shares of ₹10 each are allotted as fully paid up by way of Bonus shares by capitalisation of reserves.
- (e) During the previous financial year, the Company has issued 200,000 - 5% Non Cumulative Redeemable Preference Shares of ₹100 each as issued, subscribed and paid up, as per the Scheme of Amalgamation, to the preference shareholders of erstwhile Suryakiran International Ltd. The same will be redeemed on 21st December, 2021.

Notes forming part of the Financial Statement as at 31st March, 2015

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

(Figures in ₹ Lakhs)

	Equity Shares		5% Non-Cum. Redeemable Preference Shares		10% Cum. Redeemable Preference Shares	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Shares outstanding at the beginning of the year	14,522,290	14,522,290	200,000	-	-	-
Shares Issued during the year	2,150,000	-	-	200,000	500,000	-
Shares redeemed / bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	16,672,290	14,522,290	200,000	200,000	500,000	-

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

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a. Equity Shares :				
Smt. Satyabhama Bai	3,023,032	18.13	3,023,032	20.82
Sri Shailesh Mulchand Savla	1,600,000	9.60	-	-
Sri Paritosh Agarwal	1,478,472	8.87	1,478,472	10.18
Sri L N Agarwal	1,364,516	8.18	1,364,516	9.40
Master Vedanth Agarwal	1,065,356	6.39	1,065,356	7.34
Smt. Padmini Agarwal	971,815	5.83	971,815	6.69
b. 5% Non-Cum. Preference Shares :				
Sri Paritosh Agarwal	75,000	37.50	75,000	37.50
Sri L N Agarwal	125,000	62.50	125,000	62.50
c. 10% Cum. Preference Shares :				
Smt. Satyabhama Bai Agarwal	250,000	50.00	-	-
Miss Aparna Agarwal	250,000	50.00	-	-

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 2. Reserves & Surplus :		
a. Capital Redemption Reserve		
At the commencement of the year	2.09	2.09
Closing Balance	2.09	2.09
b. Securities Premium Account		
At the commencement of the year	6,854.51	6,854.51
Add : Premium @ 65/- per Share on 2,150,000 Equity Shares	1,397.50	-
Closing Balance	8,252.01	6,854.51
c. Revaluation Reserve		
Opening Balance	8,974.14	-
(+) Current Year Transfer	-	8,974.14
(-) Written Back in Current Year	1,288.97	-
Closing Balance	7,685.17	8,974.14
d. Investment Allowance Reserve (Utilised)		
At the commencement of the year	109.41	109.41
Closing Balance	109.41	109.41
e. Export Allowance Reserve		
At the commencement of the year	2.67	2.67
Closing Balance	2.67	2.67
f. Preference Capital Redemption Reserve		
At the commencement of the year	671.60	671.60
Closing Balance	671.60	671.60
g. Special capital incentive		
At the commencement of the year	30.00	30.00
Closing Balance	30.00	30.00
h. General Reserve		
At the commencement of the year	3,510.81	3,410.81
(+) Current Year Transfer	100.00	100.00
Closing Balance	3,610.81	3,510.81
i. Amalgamation / Capital Reserve #		
At the commencement of the year	214.35	-
(+) Current Year Transfer	-	214.35
Closing Balance	214.35	214.35
j. Surplus		
At the commencement of the year	8,595.67	8,019.98
(+) For the current year	1,216.81	1,171.20
(-) Loss of SKIL adjusted - Pursuant to Scheme of Amalgamation	-	279.93
(-) Carrying Value of Assets Whose Useful Life achieved pursuant to Schedule II of the Companies Act, 2013	366.77	-
(-) Proposed Dividend on Equity Shares	200.07	174.27
(-) Proposed Dividend on 5% Non-Cum. Preference Shares	10.00	10.00
(-) Proposed Dividend on 10% Cum. Pref. Shares	30.96	-
(-) Corporate Dividend Tax	49.06	31.31
(-) Transfer to General Reserve	100.00	100.00
Closing Balance	9,055.62	8,595.67
Total	29,633.73	28,965.25

Pursuant to Scheme of Amalgamation, the excess of Equity Share Capital ₹445.78 Lakhs, & Security Premium account ₹434.58 Lakhs, totaling to ₹880.36 Lakhs, of erstwhile Suryakiran International Ltd. over Investment by the Company amounting to ₹666.01 Lakhs in SKIL, i.e., ₹214.35 Lakhs is considered as Amalgamation / Capital Reserve during the previous financial year.

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 3 A. Long Term Borrowings :		
Secured		
A. (I) Term Loans from banks		
(a) IDBI Bank Ltd. - 1 (10.20+3.00 Crores)	28.88	39.19
(b) IDBI Bank Ltd. - 2 (Rupee Tied)	224.56	304.77
(c) IDBI Bank Ltd. - TUF Scheme-II (70 Crores)	-	1,116.75
(d) IDBI Bank Ltd. - 3 (FCL converted)	23.93	33.13
(e) State Bank of India - TUFS - I (30 Crores)	-	593.75
(f) State Bank of India - TUFS - II (45 Crores)	-	889.50
(g) State Bank of Mysore - TUFS	-	205.00
(h) Andhra Bank - TUFS	558.12	770.83
(i) State Bank of Hyderabad - TUFS	653.02	953.02
(j) State Bank Of India - TUFS	-	375.50
(k) Andhra Bank (40Crores) - TUFS	505.63	
(l) IDBI Bank Ltd. - TUF Scheme-II (40 Crores)	278.15	
(m) Exim Bank - TUFS	526.54	
(n) State Bank of Travancore	2,660.01	3,107.63
(o) Lakshmi Vilas Bank	1,400.00	-
(II) Foreign Currency Loans		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	2,873.03	3,977.97
	9,731.87	12,367.04

Note :

- The Loans referred at I (a) to (j), (k) and (n) 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 (l) to (m) 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 I (j) above is secured by mortgage of present and future movable and immovable properties of the Garment division of the Company and guaranteed by two Directors of the Company.
- The Loan referred at I (o) 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. IDBI-1	04.12.1997	12.90%	11
b. IDBI-2	28.09.1995	10.25%	11
c. IDBI Tuf Scheme -II	15.12.2005	10.25%	3
d. IDBI-3	28.09.1995	14.25%	11
e. SBI-TUF Scheme-1	12.08.2005	15.00%	4
f. SBI-TUF Scheme-II	25.01.2006	14.20%	4
g. SBM-TUF Scheme	28.04.2006	13.90%	4

Notes forming part of the Financial Statement as at 31st March, 2015

Note 3 A. Long Term Borrowings :

Terms of Repayment :

Particulars	Sanction Date	Rate of Interest	Quarterly Instalments
h. Andhra Bank - TUF Scheme	04.09.2010	13.75%	15
i. SBH under TUF Scheme	13.07.2011	13.50%	12
j. SBI TUFs	14.11.2005	15.00%	4
k. IDBI - Amaravati (40 Crs) - TUFs	19.12.2014	13.00%	20
l. Andhra Bank - 40 Crs - TUFs	19.11.2014	13.00%	24
m. Exim Bank - 15 Crs - TUFs	16.12.2014	12.55%	20
n. State Bank of Travancore	22.06.2011	14.25%	23
o. Lakshmi Vilas Bank (15 Crs)	01.08.2014	13.00%	12
II a. IDBI Bank (ECB)	12.07.2011	6 MONTH LIBOR +300 BASIS POINTS	12

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
B. Other loans and advances		
Vehicle Hire Purchase Loan from ICICI Bank & HDFC Bank	-	1.86
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	-	1.86
C. Unsecured		
Other Long Term Borrowings		
(I) Loans and advances from related parties		
Unsecured Loan from Directors	1,464.00	814.93
Fixed Deposits from related parties	-	687.00
Inter-corporate Deposits	1,132.00	1,022.54
	2,596.00	2,524.47
D. Deferred Sales Tax Liability	114.15	136.44
Total (A+B+C+D)	12,442.02	15,029.81

The Sales tax deferment liability amounting to ₹114.15 Lakhs shown under unsecured loans above, is due for repayment as under.

Year	Amount (₹ Lakhs)	Repayment Year
2002-2003	20.52	01.04.2016
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
Total	114.15	

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 4. Long Term Provisions :		
a. Provision for employee benefits		
Gratuity (unfunded)	353.94	304.46
Leave Encashment (unfunded)	93.26	84.16
Total	447.20	388.62

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 5. Short Term Borrowings :		
Secured		
a. Loans repayable on demand from banks		
(I) State Bank of India		
Cash Credit	6,531.88	6,996.31
Packing Credit	-	100.68
SLC	1,039.74	1,264.65
(II) State Bank of Hyderabad		
Cash Credit	179.78	505.83
Packing Credit	120.91	408.47
SLC	-	290.16
WCDL	750.00	600.00
(III) State Bank of Mysore		
Cash Credit	359.54	263.71
STL	1,000.00	1,000.01
(IV) State bank of Travancore		
Cash Credit	318.10	-
(V) IDBI Bank Ltd.		
Cash Credit	297.98	966.72
STL	850.00	850.00
	11,447.93	13,246.54

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

b. Other loans and advances		
Vehicle Hire Purchase Loan from ICICI Bank & HDFC Bank	1.86	20.31
	1.86	20.31
Unsecured		
a. Loans and advances		
Fixed Deposits from related parties	-	50.50
	-	50.50
Total	11,449.79	13,317.35

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 6. Other Current Liabilities :		
A. Current maturities of long-term debt		
(I) Term Loan from Bank		
(a) IDBI Bank Ltd. - 1	10.31	8.25
(b) IDBI Bank Ltd. - 2	80.20	64.16
(c) IDBI Bank Ltd. - TUF Scheme-II	1,116.75	1,347.25
(d) IDBI Bank Ltd. - 3	9.20	7.36
(e) State Bank of India - TUFS - I	613.00	555.25
(f) State Bank of India - TUFS - II	918.00	832.50
(g) State Bank of Mysore - TUFS	266.99	231.00
(h) Andhra Bank - TUFS	212.72	212.71
(i) State Bank of Hyderabad - TUFS	300.00	300.00
(j) State Bank Of India -TUFS	365.40	268.00
(k) State Bank of Travancore	420.00	400.00
(l) Lakshmi Vilas Bank	100.00	-
(II) Foreign Currency Loans :		
(a) IDBI Bank Ltd. - ECB (USD 9 Million)	1,269.82	570.35
	5,682.39	4,796.83
(B) Interest accrued but not due on borrowings	85.87	260.36
(C) Unpaid dividends	16.45	12.62
(D) Creditors for Capital purchases	218.91	190.81
(E) Other payables	1,201.19	1,280.58
(F) Other payables - Statutory dues	136.37	126.12
(G) Advances received against sales	142.00	329.57
(H) Sales tax deferment payable	22.28	28.73
	1,823.07	2,228.79
Total	7,505.46	7,025.62

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 7. Short Term Provisions :		
a. Provision for employee benefits		
Salary & Reimbursements	421.71	269.24
Contribution to PF & ESI	32.21	24.22
Gratuity (Funded)	53.68	49.54
Bonus Payable	155.70	153.97
b. Others (Specify nature)		
Proposed Preference Shares dividend	40.96	10.00
Proposed Equity Shares dividend	200.07	174.27
Corporate Dividend Tax	49.06	31.32
Provision for Income Tax (Net)	101.47	11.72
Total	1,054.86	724.28

Notes forming part of the Financial Statement as at 31st March, 2015

Note 8. Fixed Assets :

(Figures in ₹ Lakhs)

Particulars	Opening Balance as at 1 April 2014			Additions			Disposals / Adjustments			Carrying Value of Assets whose useful life exhausted			Gross Block			Accumulated Depreciation				Net Block			
	Assets Value	Revaluation Amount	Total										On Assets Value	Revaluations Adjustment	Total	On Revaluation value (Adjusted to Revaluation Reserve)	On Assets value	On disposals Adjustments	Balance as at 31 Mar 2015	Balance as at 31 Mar 2014	Balance as at 31 Mar 2015	Balance as at 1 April 2014	
a. Tangible Assets																							
Land (Freehold)	498.55	2,310.15	2,808.70																				
Land (Leasehold)				356.76																			
Buildings																							
Factory Buildings	6,569.39	2,897.32	9,466.71	69.03																			
Non-Factory Buildings	2,493.92	1,816.42	4,310.34	104.64																			
Township	684.65	250.58	935.23	8.13																			
Plant and Equipment																							
Workshop Equipment	8.00		8.00																				
Plant and Machinery	43,482.18	10,184.01	53,666.19	897.74																			
Testing Equipment	343.82		343.82	0.08																			
Electrical Installations	4,493.32		4,493.32	22.56																			
Weighing Machines	33.06		33.06	0.18																			
Water Works	465.44		465.44																				
Furniture and Fixtures	383.87		383.87	12.42																			
Vehicles	214.94		214.94	0.20																			
Data Processing Equipment	257.58		257.58	7.85																			
Power Lines *	556.56		556.56																				
Total	60,485.28	17,458.48	77,943.76	1,479.58																			
b. Intangible Assets																							
Computer software	144.06		144.06	3.32																			
Total	144.06	-	144.06	3.32																			
c. Capital Work In Progress																							
Total	21.75	-	21.75	2,482.71																			
Total (a+b+c)	60,651.09	17,458.48	78,109.57	3,965.61																			
Less: Internal Transfers				1,482.90																			
Total	60,651.09	17,458.48	78,109.57	2,482.71																			
Previous Year	59,561.51	17,458.48	77,019.99	1,094.45	4.87																		

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

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 9. Long Term Loans and Advances :		
a. Deposits Recoverable	396.39	419.57
(Unsecured considered good)		
(Telephone, TSSPDCL Electricity, Coal Deposit & other deposits)		
b. Security Deposit	0.10	0.10
(Secured, considered good)		
(NSC pledged as security for ₹10,000/- with Sales Tax Dept.)		
	396.49	419.67

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 10. Other Non Current Asset		
Product Development Expenditure	85.36	113.81
Less : Written Off during the year	28.45	28.45
	56.91	85.36
Preliminary Expenses of Amaravati Spinning Project	4.04	
	4.04	-
	60.95	85.36

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 11. Current Investments :		
(At Cost - Traded - Quoted)		
Investment in Equity instruments		
37,777 Equity Shares (Previous Year 102,100) 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.	-	-
(102100 Equity Shares of Suryavanshi Spinning Mills Ltd., were converted into 3 Companies Equity Shares, as above, as per Scheme of Demerger of Suryavanshi Spinning Mills Ltd and accordingly New Equity Shares of above 3 Companies were allotted)		
Sub Total :	105.19	105.19
Less : Provision for dimunition in the value of Investments	95.43	95.24
Sub Total :	9.76	9.95
Total	9.76	9.95

(Aggregate market value of Quoted investments - ₹9.76 Lakhs (Previous Year ₹9.95 Lakhs))

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 12. Inventories :		
(Valued and certified by the Management)		
(Value at lower of cost and net realisable value, unless otherwise stated)		
a. Raw Materials	3,214.94	3,525.75
b. Stores and spares	3,690.89	1,425.99
c. Finished goods	3,185.59	3,406.51
d. Work-in-progress	3,693.95	2,706.74
e. Others - Cotton & PV Waste (at realisable value)	5.42	9.99
Total	13,790.79	11,074.98
Details of Raw Materials :		
Cotton	1,659.67	2760.62
Yarn	888.69	447.51
Polyster Staple Fibre	386.34	64.02
Viscose Staple Fibre	24.27	40.10
Fabric	255.97	213.50
Total	3,214.94	3,525.75
Details of Stores & Spares :		
Dyes & Chemicals	850.55	364.90
Coal	1,246.02	177.45
Other Stores & Spares	1,594.32	883.64
Total	3,690.89	1,425.99

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 13. Trade Receivables :		
Receivables for a period exceeding six months		
Unsecured, considered good	221.56	293.90
	221.56	293.90
Receivables for a period less than six months		
Unsecured, considered good	10116.62	10667.30
	10116.62	10667.30
Total	10338.18	10961.20

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 14. Cash and Cash equivalents :		
a. Balances with Banks		
With Scheduled Banks	429.09	197.36
b. Cash on hand	37.87	19.25
c. Balance with Banks against Dividends payments	16.45	12.68
d. Balance with Banks against Margin Money on LCs / Bank Guarantees	271.71	439.81
e. Fixed Deposits	225.27	214.12
f. Post office Savings Bank	0.01	0.01
Total	980.40	883.23

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 15. Short-term loans and advances :		
(Unsecured considered good)		
a. Advances for Capital purchases	892.15	439.85
b. Advances for purchases of Raw Material & Stores	712.05	1,327.03
c. Advances to Staff	20.41	39.02
d. Other Advances	1,536.93	1,286.93
	3,161.54	3,092.82
Disclosure pursuant to Note no.R (iv) of Part I of Schedule III		
Other officers of the Company *	3.91	23.60
	3.91	23.60

(Figures in ₹ Lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note 16. Other Current Assets :		
TED Refund receivable	76.30	304.77
Interest subsidy receivable	412.59	309.41
Deposits recoverable	3.02	2.59
Claims/Other Receivable	1,388.59	2,053.95
Export Benefit Entitlement Receivable	475.90	577.42
Pre-paid expenses	176.30	186.68
CVD Refund Receivable :		
At ICD Nagpur	134.34	134.34
At JNPT, Mumbai	10.95	10.95
Excise Duty Refund Receivable	3.47	62.58
Balance With Central Excise Department	1.17	0.96
Accrued interest	77.57	64.40
	2,760.20	3,708.05

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 17. Revenue from Operations (Sale of Products)		
Yarn	27,979.21	30,536.79
Fabric	35,927.02	33,537.94
Power	3,783.43	4,177.61
Garment	5,744.99	4,751.49
Waste	381.53	448.95
Total Sales	73,816.18	73,452.78
Less:		
Excise duty	37.10	61.52
Inter Division sale - Power	3,278.17	3,205.50
Total	70,500.91	70,185.76

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 18. Other Income :		
Interest Income	102.87	83.37
Export Benefit entitlement	690.82	850.03
Excess provisions written back	20.74	37.89
Packing & Forwarding collection charges	7.13	9.20
Scrap Sales	42.81	43.89
Credit Balance Written Back	0.07	2.31
Rent Received	2.42	0.12
Increase in Value of Investments	-	0.76
Miscellaneous Receipts	66.45	75.17
Total	933.31	1,102.74

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 19. Cost of materials consumed :		
Opening Stock	3,525.75	4,089.78
Opening Stock of SKIL - Pursuant to Scheme of Amalgamation	-	133.06
Add : Purchases	39,559.88	41,992.02
	43,085.63	46,214.86
Less : Value of Raw materials sold	23.26	-
Less : Closing Stock	3,214.94	3,525.75
Total Cost of materials consumed :	39,847.43	42,689.11
Imported and Indigeneous Raw Materials consumed :		
Indigeneous	97.72% 38,937.58	99.15% 42,326.66
Imported	2.28% 909.85	0.85% 362.45
Total	100% 39,847.43	100% 42,689.11
Details of Raw Material Consumed :		
Cotton	11,756.25	13,367.76
Yarn	9,203.43	7,747.26
Polyster Staple Fibre	16,274.49	19,325.75
Viscose Staple Fibre	2,584.76	2,204.70
Fabric	28.50	43.64
Total	39,847.43	42,689.11

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 20. Changes in inventories of Finished Goods, work-in-progress and stock-in-trade		
(Increase)/Decrease In Stocks		
Opening Stocks		
Yarn	912.23	835.94
Fabric	2,351.85	2,112.21
Work-in-process	2,706.75	1,749.09
Cotton Waste	9.99	8.49
Garments	142.43	
	6,123.25	4,705.73
Opening Stocks of SKIL - Pursuant to Scheme of Amalgamation		
Work-in-process	-	655.91
Garments	-	231.41
	6,123.25	5,593.05
Closing Stocks		
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
	6,884.96	6,123.25
(Increase)/Decrease In Stocks	(761.71)	(530.20)

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 21. Employee Benefits Expense :		
(a) Salaries and incentives	4,863.90	4,140.59
(b) Contributions to Provident Fund	274.81	224.04
(c) Gratuity fund contributions	70.60	153.84
(d) Contributions to Employee State Insurance	54.21	43.84
(e) Staff welfare expenses	228.80	223.91
Total	5,492.32	4,786.22

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 22. Finance Cost :		
Interest expense	3,107.65	3,459.54
Other borrowing costs	237.47	199.35
Net loss on foreign currency transactions & translation	22.03	35.27
Total	3,367.15	3,694.16

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 23. Depreciation and Amortisation expense :		
Depreciation	3,151.14	3,180.68
Amortisation expense	28.45	28.45
Total	3,179.59	3,209.13

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
Note 24. Other Expenses :		
Stores & spare parts consumption		
Consumable Stores	1,683.77	1,473.80
Dyes and Chemicals	4,235.17	3,751.36
Packing Material Consumed	646.40	619.43
Power & Fuel :	6,565.34	5,844.59
Electricity Charges	2,630.01	2,512.75
Fuel Consumed	3,839.39	3,836.76
Rent	18.24	12.63
Security Charges and wages	30.97	40.04
Rates & Taxes	654.16	686.90
Printing & Stationery	31.97	30.19
Postage, Telegrams & Telephones	46.94	45.74
Travelling & Conveyance	181.83	164.37
Directors' Sitting fees & Travelling expenses	6.33	6.22
Advertisements	8.64	11.53
Expenses on Sales	690.64	770.60
Commission on Sales	265.09	224.05
Insurance	88.54	105.55
Legal & Professional Charges	87.57	86.95
Payments to auditors:		
As auditor:	2.87	2.70
for taxation matters	0.73	0.73
for Certification	1.68	1.63
Repairs to: Buildings	32.26	43.88
Machinery	738.34	883.22
Other Assets	58.14	40.06
Vehicle Maintenance	64.82	56.34
Miscellaneous Expenses	426.41	453.23
Expenses on Corporate Social Responsibility	18.16	-
Donations	4.70	19.21
Loss on sale of assets	4.20	3.14
Bad debts and Debit Balances written off	0.27	0.32
Diminution in the Value of Investments	0.18	-
Other Manufacturing expenses	230.98	194.72
Managerial remuneration	204.06	187.90
Total	16,933.46	16,265.95
Imported and Indigeneous Stores & spare parts consumption		
Indigeneous	71.77%	72.88%
Imported	28.23%	27.12%
Total	100%	100%

Notes forming part of the Financial Statement as at 31st March, 2015

Note 25.

Notes forming part of Balance Sheet as at 31st March, 2015 and Statement of Profit and Loss for the year ended on that date.

Particulars	(Figures in ₹ Lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
1 Contingent Liabilities not provided for		
a) Contracts to be executed on capital accounts.	7255.54	4450.65
b) Against Foreign & Inland Letters of Credit	673.38	0.00
c) Against Bank Gaurantees	1627.34	1595.04
d) Against Bills discounted	515.75	1298.42
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	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	3.93	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	10.85	10.85
k) Disputed demand from DCIT, Range : 3(2), Hyderabad towards disallowance of Credit towards Surcharge and Education Cess as Minimum Alternate Tax credit. The case is pending in appeal before the Commissioner of Income Tax (Appeals-IV), Hyderabad	65.27	-
2 The legal proceedings againt 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.		

Notes forming part of the Financial Statement as at 31st March, 2015

- 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 a 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. 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 for the previous financial year 2013-14 and ₹12.89 crores for the financial year 2014-15, totalling to ₹97.73 crores on written up value of Gross Block has been added to depreciation, and the net increase in depreciated value ₹76.85 crores (Previous year ₹89.74 Crores), is considered as revaluation reserve and the same will be written off as per the depreciation method followed by the company.

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
7 Expenditure in Foreign Currency during the year on account of :		
i) Interest	151.20	169.84
ii) Principal repayment	588.57	499.60
iii) Commission on Export Sales	133.29	155.82
iv) Foreign Travel (Excluding tickets purchased in India)	31.35	17.19
v) Foreign Technical & Consultancy services	9.53	72.21
vi) Others	38.76	8.33
Total	952.70	922.98

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
8 Value of Imports calculated on CIF basis in respect of :		
i) Plant and Machinery - Imported (CIF Value)	265.70	81.30
ii) Rawmaterials (CIF Value)	781.70	476.28
iii) Stores and Spares (CIF Value)	2,201.09	1,436.77
Total	3,248.49	1,994.35

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
9 Earnings in Foreign Exchange		
FOB Value of Exports	8,112.21	7,769.24

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
10 Composition of Net Deferred Tax Liability		
Liabilities		
Depreciation	4,350.12	4,481.76
Miscellaneous Expenditure	20.72	27.69
Total	4,370.84	4,509.45
Assets		
Carried forward losses / Depreciation	-	83.68
Provision for Doubtful Debts & Others	-	19.55
Provision for Employee benefits	223.18	192.12
Un-amortised Expenses on Merger	1.38	-
Total	224.56	295.35
Deferred Tax Liability (Net)	4,146.28	4,214.10
Less : MAT Credit entitlement (to be set off against future Income tax liability)	893.17	1193.35
Deferred Tax Liability (Net) after MAT Credit adjustment	3,253.11	3,020.75

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
11 Information about Business Segments		
1 Segment Revenue		
Spinning	27,598.03	29,873.38
Denim	39,238.48	36,482.71
Power Plant	3,790.83	4,179.28
Garment	5,744.97	4,751.49
Total	76,372.31	75,286.86
Less : Inter Division Power sale	3,278.17	3,205.50
Less : Inter Division Sale - Yarn	21.29	19.28
Less : Inter Division Sale - Fabric	2571.94	1,876.32
Net Sales	70,500.91	70,185.76
2 Segment Results		
Spinning	1,203.45	1,782.34
Denim	3,637.63	3,644.81
Power Plant	(60.78)	(214.05)
Garment	418.02	170.69
Total	5,198.32	5,383.80
3 Interest	3,367.15	3,694.16
4 Profit / Loss Before Tax	1,831.17	1,689.64

Notes forming part of the Financial Statement as at 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	Current Year 31st March, 2015	Previous Year 31st March, 2014
11 Information about Business Segments		
5 Other Information		
Segment Assets		
Spinning	21,094.73	20,177.72
Denim	34,191.53	37,616.38
Power Project	14,322.92	13,808.53
Garment	4,725.64	3,776.44
Total	74,334.82	75,379.07
6 Segment Liabilities		
Spinning	2,396.96	2,476.85
Denim	5,471.54	4,823.01
Power Project	916.77	750.58
Garment	582.65	425.74
Total	9,367.92	8,476.18
7 Capital Expenditure		
Spinning	143.53	111.19
Denim	203.18	301.86
Power Project	287.49	761.20
Garment	491.94	22.20
Amaravathi	356.76	0.00
Total	1,482.90	1,196.45
8 Depreciation & Amortisation Expense		
Spinning	1,018.69	707.05
Denim	1,478.74	1,709.68
Power Project	423.62	654.20
Garment	258.54	138.20
Total	3,179.59	3,209.13

12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2015	Previous Year 31st March, 2014
a) Transactions during the year				
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Remuneration	62.46	62.45
		b) Interest (Gross)	67.66	51.02
		c) Commission	10.00	10.47
Shri P K Agarwal Managing Director	Key Management	a) Remuneration	54.71	55.12
		b) Interest (Gross)	41.19	28.07
		c) Commission	10.00	10.47
Shri L N Agarwal (HUF)	Key Management	b) Interest (Gross)	23.55	20.16
Shri H L Ralhan Director	Key Management	a) Remuneration	38.18	34.41
Smt. Sabita Jain	Daughter of Shri L N Agarwal	Rent	7.70	4.20

Notes forming part of the Financial Statement as at 31st March, 2015

12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2015	Previous Year 31st March, 2014
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (Gross)	8.64	17.81
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Remuneration	28.72	15.00
		b) Interest (Gross)	20.02	11.95
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (Gross)	4.04	7.13
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (Gross)	1.98	4.46
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	0.67	1.39
P K Agarwal HUF	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	0.20	0.01
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	336.54
M/s Suryajyothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	28.00	28.00
		b) Sale of PSF	21.24	-
		c) Advance for R.M.	-	200.00
		d) Advance	200.00	-
		e) Sale of Yarn	4.41	-
		f) PSF Purchase	9.90	-
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.17	-
		b) Deposit	-	50.00
		c) Air Tickets	0.15	-
		d) Advance	16.67	-
M/s Aananda Lakshmi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.17	-
		b) Advance	16.67	-
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) Interest	2.17	-
		b) Advance	16.67	-
		c) FMS Licence	7.08	-
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	27.22	29.99
		b) Rent	0.60	0.60
		c) Sale of fabric	489.37	458.73
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (Gross)	41.61	75.28

Notes forming part of the Financial Statement as at 31st March, 2015

12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2015	Previous Year 31st March, 2014
b) Payable as at 31-03-2015				
Shri L N Agarwal Chairman & Managing Director	Key Management	a) Interest (net)	0.00	45.92
		b) Unsecured Loan	663.00	495.50
		c) Commission (Gross)	10.00	10.47
Shri P K Agarwal Managing Director	Key Management	a) Remuneration (Net)	1.55	0.55
		b) Interest (net)	0.00	25.27
		c) Unsecured Loan	608.00	318.00
		d) Commission (Gross)	10.00	10.47
Shri L N Agarwal (HUF)	Key Management	a) Interest (net)	-	18.14
		b) Deposits	-	199.00
Shri H L Ralhan Director	Key Management	Remuneration (Net)	2.22	2.06
Smt Sabita Jain	Daughter of Shri L N Agarwal	Rent	5.99	1.89
Smt Sathyabhamabai	Wife of Shri L N Agarwal	a) Interest (net)	-	16.03
		b) Deposits	-	214.00
Smt Padmini Agarwal	Wife of Shri P K Agarwal	a) Interest (net)	-	10.75
		b) Unsecured Loan	193.00	154.00
		c) Remuneration	0.98	1.09
Kum Aparna Agarwal	Daughter of Shri P K Agarwal	a) Interest (net)	-	6.41
		b) Deposits	-	100.00
Master Vedanth Agarwal	Son of Shri P K Agarwal	a) Interest (net)	-	4.01
		b) Deposits	-	49.00
L N Agarwal Family Trust	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	-	1.25
		b) Deposits	-	16.50
P K Agarwal (HUF)	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	-	0.01
		b) Deposits	-	5.00
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	0.00	26.99
		b) Deposits	690.00	383.00
		c) Rent	0.60	0.60
M/s.SVP Distributors Pvt. Ltd.	Enterprise in which the relatives of Key Management personnel are interested	a) Interest (net)	0.00	67.75
		b) Deposits	442.00	607.50
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	a) FMS License	7.08	-

Notes forming part of the Financial Statement as at 31st March, 2015

12 Related Party Disclosure

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

(Figures in ₹ Lakhs)

Name of the party	Relationship	Nature of Transaction	Current Year 31st March, 2015	Previous Year 31st March, 2014
c) Receivable as at 31-03-2015				
M/s Suryavanshi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	-
		Interest	2.17	-
		Advance for RM	-	50.00
M/s Aananda Lakshmi Spinnint Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	-
		Interest	2.17	-
		Air tickets	0.15	-
M/s Sheshadri Industries Ltd	Enterprise in which the relatives of Key Management personnel are interested	Advance	16.67	-
		Interest	2.17	-
M/s. Suryajothi Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Interest (Net)	12.57	2.14
		Advance	200.00	-
		Advance for RM	-	200.00
		Sale of PSF	15.71	-
M/s. Suryalata Spinning Mills Ltd	Enterprise in which the relatives of Key Management personnel are interested	Sale of RM / Yarn	-	36.54
M/s. Jayman Dealers Pvt Ltd.	Enterprise in which the relatives of Key Management personnel are interested	Sale of Fabric	343.86	458.73

Notes forming part of the Financial Statement as at 31st March, 2015

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)

	As on 31st March, 2015	As on 31st March, 2014
1 Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	471.05	352.36
Interest cost	36.22	28.19
Current Service Cost	20.98	27.51
Benefits Paid	(33.06)	(29.02)
Actuarial gain / (Loss) on obligations	11.08	92.00
Present value of obligations as at end of year	506.27	471.05
2 Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	117.05	92.44
Expected return on plan assets	8.76	9.17
Contributions	5.90	37.00
Benefits Paid	(33.06)	21.56
Actuarial gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	98.65	117.05
3 Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	117.05	92.44
Actual return on plan assets	8.76	9.17
Contributions	5.90	37.00
Benefits Paid	(33.06)	(21.56)
Fair value of plan assets at the end of year	98.65	117.05
Funded status	407.62	354.00
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)		
4 Assumptions		
Discount rate	8%	8%
Salary Escalation	4%	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.

(Figures in ₹ Lakhs)

	2014-15	2013-14
Profit & Loss Account		
Current Service cost	4.08	5.45
Interest Cost on benefit obligation	6.36	6.56
Expected return on plan assets	Nil	Nil
Net Actuarial (gain). Loss recognised in the year	42.66	32.85
Past service cost	Nil	Nil
Net Benefit expense	53.10	44.86

Notes forming part of the Financial Statement as at 31st March, 2015

13 Employee Benefits : Gratuity (contd.)

(Figures in ₹ Lakhs)

	As at 31st March, 2015	As at 31st March, 2014
Actual return on Plan assets		
Balance Sheet		
Details of provision for Leave		
Change in the present value of the defined benefit obligation are as follows :		
Opening defined benefit obligation	79.56	82.06
Interest Cost	6.36	6.56
Current Service cost	4.08	5.45
Benefits Paid	(39.40)	(42.76)
Actuarial (gains) / losses on obligation	42.66	32.85
Closing defined benefit obligation	93.26	84.16
The principal assumptions used in determining leave and post employment medical benefit		
Obligations for the company's plans are shown below :		
Assumptions	%	%
Salary Rise	4	4
Discount rate	8	8

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

(Figures in ₹ Lakhs)

	Current Year	Previous Year
Profit after Tax	1,216.81	1,171.20
Less : Dividend on Preference Share Capital with dividend tax there on	49.30	11.70
Sub Total	1,167.51	1,159.50
Weighted average Number of Equity Shares	158.83	145.22
Diluted Number of Equity Shares	166.72	145.22
Basic Earnings per share	7.35	7.98
Diluted Earnings per share	7.00	7.98

- 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, where as in case of Polyester yarn we have taken cenvat credit on part of the rawmaterial which are used for production of polyester yarn meant for export, and cleared the material for export on payment of duty.
- 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 ₹2609 Lakhs from the Insurance Company including salvage. The part claim of ₹490 Lakhs which is still to be settled by the Insurance Company is shown under Claims receivable.

Notes forming part of the Financial Statement as at 31st March, 2015

- 18** During the financial year, the Company has revised the Useful life of its fixed assets to comply with the useful life as mentioned under Schedule II of the Companies Act, 2013 and in view of the transitional provisions, the Company has adjusted ₹366.77 lacs with the opening balances of retained earnings, i.e., surplus in the statement of profit and loss. Had the Company continued to follow the earlier useful life under the Companies Act, 1956, the depreciation expense for the year to date would have been higher by ₹200.49 lacs and Profit before tax & the Net Block of Fixed Assets for the year to date would have been lower by ₹200.49 lacs.
- 19** Previous Year's Figures : Figures for the previous year have been regrouped wherever necessary to correspond with the current year's figures.
- 20** Except when otherwise stated, the figures are presented in Rupees Lakhs.

Note 26.

Significant Accounting Policies:

1 Accounting Convention :

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

2 Fixed Assets :

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

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

3 Inventories :

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

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

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. Leave encashment provision was made 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

Notes forming part of the Financial Statement as at 31st March, 2015

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 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.

10 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 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

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

K.S.Rao

Partner
Membership No.015850

Place : Secunderabad
Date : 29.05.2015

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

E. V. S. V. Sarma
Company Secretary

P. S. Subramanyam
Vice President (Finance)

P. K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director

Cash Flow Statement for the year ended 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net : Profit /(Loss) Before Tax	1,831.17	1,689.64
Adjustment for		
Add: Depreciation & Amortisation expense	3,179.60	3,209.13
Finance costs	3,367.15	3,694.16
Debit balance written off	0.27	0.32
Loss on sale of assets	4.20	3.14
Diminution / (Increase) in Value of Current investments	0.18	(0.76)
	8,382.57	8,595.63
Less: Interest Income	102.87	83.37
Excess provision written back	20.74	37.89
	123.61	121.26
Operating profit before working capital changes	8,258.96	8,474.37
Adjustment for changes in :		
(Increase)/Decrease in Inventories	(2,715.80)	571.17
(Increase)/Decrease in Trade Receivables	643.48	1,384.79
(Increase)/Decrease in Long Term Loans and advances	23.19	17.53
(Increase)/Decrease in Short Term Loans and advances	(68.72)	(972.94)
(Increase)/Decrease in Other Current Assets	985.43	(618.58)
Increase/(Decrease) in Trade & other payables	891.69	(785.81)
Cash generated from Operations	8,018.23	8,070.53
Income tax (Net)	(292.26)	(360.89)
Net cash generated from operating activities (A)	7,725.97	7,709.64
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow :		
Sale of fixed assets	3.35	0.10
Interest received	89.70	63.72
Outflow :		
Acquisition of fixed assets	(2,511.16)	(1,094.45)
Purchase of Current investments	0.00	(218.03)
Net cash used in Investing activities (B)	(2,418.11)	(1,248.66)

Cash Flow Statement for the year ended 31st March, 2015

(Figures in ₹ Lakhs)

Particulars	2014-15	2013-14
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inflow :		
Increase in Share capital and Share premium	215.00	-
Redemption of Preference Share Capital	500.00	-
Share Premium	1,397.50	-
Proceeds from Term Loans	2,810.33	381.13
(Decrease)/Increase in bank borrowings	(1,798.62)	477.95
Proceeds from Hire purchase loan	0.00	-
Proceeds from other unsecured borrowings	1,174.00	1,144.72
Repayment of Term Loan	(4,559.95)	(4,422.87)
Repayment of Hire Purchase loan	(20.31)	(30.42)
Repayment of other unsecured borrowings	(1,175.25)	(566.23)
Finance costs paid	(3,541.64)	(3,607.61)
Dividend paid	(180.44)	(290.30)
Dividend Distribution Tax paid	(31.31)	(49.36)
Net cash generated in Financing Activities (C)	(5,210.69)	(6,962.99)
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	97.17	(502.01)
Cash/Cash Equivalents at the Beginning of the year	883.23	1,385.24
Cash/Cash Equivalents at the end of the period	980.40	883.23

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

K.S.Rao

Partner
Membership No.015850

Place : Secunderabad
Date : 29.05.2015

E. V. S. V. Sarma
Company Secretary

P. S. Subramanyam
Vice President (Finance)

For and on behalf of the Board

L. N. Agarwal
Chairman & Managing Director

P. K. Agarwal
Managing Director

Navrang Lal Tibrewal
Director



SURYALAKSHMI COTTON MILLS LIMITED

105, 6th Floor, Surya Towers, S.P. Road
Secunderabad - 500 003
(CIN: L17120PG1962PLC000923)