



**SURYAJYOTI  
SPINNING MILLS LIMITED**

**Annual Report  
2016 -17**

**CONTENTS**

	Page No.
CORPORATE INFORMATION .....	2
NOTICE TO THE MEMBERS.....	3
DIRECTORS' REPORT & ANNEXURES .....	8
REPORT ON CORPORATE GOVERNANCE .....	31
AUDITORS' REPORT .....	42
BALANCE SHEET .....	49
STATEMENT OF PROFIT & LOSS .....	50
CASH FLOW STATEMENT .....	51
NOTES TO ACCOUNTS.....	52
ATTENDANCE SLIP & PROXY FORM .....	75

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode. In accordance with the circulars issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of physical holdings with the Company.



## BOARD OF DIRECTORS

Sri Ravinder Kumar Agarwal  
Sri Arun Kumar Agarwal  
Sri Kusheshwar Jha  
Ms. Hamlata Devi  
Smt. Neha Agarwal  
Sri K. Harishchandra Prasad  
Sri Sanjeev Mitla

Managing Director  
Executive Director  
Independent Director  
Additional Director (w.e.f 21-11-2016)  
Whole Time Director (upto 03-08-2016)  
Independent Director (upto 03-08-2016)  
Independent Director (upto 08-10-2016)

**Chief Financial Officer**  
**Company Secretary & Compliance Officer**

Sri Arun Kumar Agarwal  
Sri Soma V S (upto 14-02-2017)

## CIN

**L18100TG1983PLC003961**

## Registered Office

Burgul Village  
Farooqnagar Mandal  
Mahabubnagar District – 509 202  
Telangana  
Ph: 08548-255246  
Email: [info@suryajyoti.com](mailto:info@suryajyoti.com)  
Website: [www.suryajyoti.com](http://www.suryajyoti.com)

## Statutory Auditors

M/s Rao Chowdary & Associates,  
Chartered Accountants  
Plot No. 120, Tirumala Mansion,  
Kavuri Hills, Phase - I, Jubilee Hills,  
Hyderabad-500 033

## Corporate Office

7<sup>th</sup> Floor, Surya Towers,  
105, Sardar Patel Road,  
Secunderabad – 500 003  
Telangana  
Ph: 040 -27810086/4265

## Bankers

State Bank of India  
IDBI Bank Ltd.,  
Indian Overseas Bank  
State Bank of Hyderabad

## Factories

**Makthal Village**  
Makthal – Narayanpet Road,  
Mahabubnagar District – 509 208,  
Telangana.

## Registrars & Share Transfer Agents

M/s.Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032. Telangana,  
Ph: 040 6716 1606 / 1602  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## Burgul Village

Farooqnagar Mandal  
Mahabubnagar District – 509 202,  
Telangana.

## Board Committees

### Audit Committee

Sri Kusheshwar Jha – Chairman  
Sri A.K. Agarwal  
Ms. Hamlata Devi

## Rajapur Village

Balanagar Mandal  
Mahabubnagar District – 509 202,  
Telangana.

### Nomination and Remuneration Committee

Sri Kusheshwar Jha – Chairman  
Sri A.K. Agarwal  
Ms. Hamlata Devi

## Kucherkal Village

Balanagar Mandal  
Mahabubnagar District – 509 202,  
Telangana.

### Stakeholders Relationship Committee

Sri Kusheshwar Jha – Chairman  
Sri A.K. Agarwal  
Sri R.K. Agarwal



## Notice

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of SURYAJYOTI SPINNING MILLS LIMITED will be held on Friday the 29<sup>th</sup> day of September, 2017 at 11.30 a.m. at the Registered Office of the Company situated at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509 202, Telangana, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2017 and Statement of Profit and Loss and Cash Flow Statement for the year ended as on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri. Arun Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.

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

**“RESOLVED THAT** pursuant to Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for appointment of M/s. ATHOTA & CO., Chartered Accountants, Hyderabad (FRN 004828S), as Statutory Auditors of the Company to hold office for a period of 5 years, from the conclusion of ensuing Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022, subject to ratification at every AGM, at such remuneration as may be agreed upon by the Board of Directors and the auditors, in addition to reimbursement of out of pocket expenses.”

### SPECIAL BUSINESS:

#### 4. Appointment of Ms. Hamlata Devi as an Independent Director of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the Rules framed thereunder, read with Schedule IV of the Act and SEBI (LODR) Regulations, 2015, as amended from time to time, the consent of the members of the Company be and is hereby accorded to appoint Ms. Hamlata Devi (DIN: 07660345) who has been appointed as an Additional Director of the Company by the Board of Directors on 21<sup>st</sup> November, 2016 in terms of section 161 of the Act and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an **Independent Director** of the Company for a period of five consecutive years from 29<sup>th</sup> September 2017 to 28<sup>th</sup> September 2022.”

#### 5. Ratification of the remuneration of Cost Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable for the year 2017-18 to M/s. GVSSP & Associates, Cost Accountants (Firm Regn. No. 102662) appointed by the Board as Cost Auditors to conduct Audit of the Cost records maintained by the Company for the financial year ending 31<sup>st</sup> March 2018, amounting to Rs. 19,000/- excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, be and is hereby ratified.”



## 6. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board  
for **Suryajyoti Spinning Mills Limited**

Place: Secunderabad

Date: 14-08-2017

Sd/-  
**Arun Kumar Agarwal**  
Executive Director  
DIN: 00011126

## NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself/herself. Such a proxy need not be a member of the company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from 23<sup>rd</sup> September, 2017 to 29<sup>th</sup> September, 2017 (both days inclusive), for the purpose of Annual General Meeting.
4. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is annexed hereto.
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses email id, ECS mandate. In case you are holding Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, Telangana by enclosing a photocopy of blank cancelled cheque of your bank account.
6. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.



8. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
9. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of the meeting.
11. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
12. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
13. Pursuant to Section 124 of the Companies Act, 2013, all the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date were transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Currently there is no outstanding amount.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/STA.
15. Electronic copy of the Annual Report for 2016-17 which includes Notice of the 34<sup>th</sup> Annual General Meeting, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 is being sent in the permitted mode.

## E-VOTING

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 34<sup>th</sup> Annual General Meeting. The Company has engaged the services of M/s. Karvy Computershare Private Limited to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 22<sup>nd</sup> September, 2017 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

**The e-voting period will commence on Monday, 25<sup>th</sup> September, 2017 (09:00 hrs) and will end on Thursday, 28<sup>th</sup> September, 2017 (17:00 hrs).** During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Mrs. N. Madhavi, Company Secretary in Practice to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure & instructions on e-voting, given in a separate sheet, which forms part of this notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102  
OF THE COMPANIES ACT, 2013****Item No. 4**

The Board of Directors have appointed Ms. Hamlata Devi (DIN: 07660345) as an Additional Director of the Company with effect from 21<sup>st</sup> November, 2016.

Under Section 161(1) of the Companies Act, 2013 Ms. Hamlata Devi holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing her candidature for the office of Director of the Company, under section 160 of the Companies Act, 2013. She does not hold any shares in the Company.

The Board considers that her appointment would be of immense benefit to the Company. In the opinion of Board of Directors, Ms. Hamlata Devi satisfies the conditions prescribed in the Act and the Corporate Governance norms for an Independent Director and the Board recommends her appointment to the members of the Company. She does not any other directorships. In accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members.

Her brief profile forms part of this Notice. The Board commends the Resolution for approval of the members as an Ordinary Resolution.

Except Ms. Hamlata Devi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution. This Explanatory Statement may also be regarded as a disclosure under SEBI LODR Regulations, 2015 and sec 190 of Companies Act, 2013.

**Item No. 5**

M/s. GVSSP & Associates, Cost Accountants have been appointed as the Cost Auditors of the Company for the Financial Year 2017-18 by the Board of Directors, in its meeting held on 30-05-2017, on the recommendation of the Audit Committee of the Company. The Board has fixed remuneration of Rs. 19000/- exclusive of applicable service tax and out-of-pocket expenses. In terms of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors as fixed by the Board of Directors shall be ratified by the members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested, financially or otherwise, in this Resolution. The Board commends the Resolution for approval of the members as an Ordinary Resolution.

**Item No. 6**

The Articles of Association ("AOA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the present Companies Act, 2013.

With the coming into force of the Companies Act, 2013, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles. The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Companies Act, 2013 which sets out the model articles of association for a Company limited by shares.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders. Your Directors recommend the Resolution for your approval as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

By order of the Board  
for **Suryajyoti Spinning Mills Limited**

Sd/-  
**Arun Kumar Agarwal**  
Executive Director  
DIN: 00011126

Place: Secunderabad  
Date: 14-08-2017



## INFORMATION PURSUANT TO CORPORATE GOVERNANCE SEBI (LODR) REGULATIONS, 2015 REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

### **Sri Arun Kumar Agarwal**

Sri Arun Kumar Agarwal, aged about 43 years, an Engineer, has been working as Executive Director of the Company for the last two decades and was mainly responsible for day-to-day operations of the units and also looking after the marketing departments. He is instrumental in completing the Makthal expansion taken up by the Company to add 8,400 spindles and setting up an ultra-modern unit at Rajapur Unit with an installed capacity of 25,200 spindles. He is also instrumental in setting up of Bottom Weight Fabric Unit in Kucherkal Village of Mahabubnagar District with a capacity 20 mn meters per annum. He is involved in company's modernization, expansion and exploring the possibility of new ventures.

His other directorships include Surya Jyoti Infotech Limited and Pangea Fabrics India Pvt. Limited. Sri. A. K. Agarwal is a member of 3 Committees and was holding 21,25,600 shares in the Company as on March 31, 2017.

### **Ms. Hamlata Devi**

Ms. Hamlata Devi, aged about 37 years is a Graduate. She has more than one decade of experience to her credit in Business and Administration. She is not holding any shares in the Company and does not hold any other directorships.





**Directors' Report**

To  
The Members,  
Suryajyoti Spinning Mills Limited

Your Directors are pleased to present herewith the 34<sup>th</sup> Annual Report on the business and operations of the Company and the Audited Accounts for the Year ended 31<sup>st</sup> March, 2017.

**Financial Summary:**

the summarized financial results for the year ended 31<sup>st</sup> March, 2017 as compared with the previous year are as under;

(Rs. in Lakhs)

Particulars	Year ended 31/03/2017	Year ended 31/03/2016
Net Sales	12620.09	36192
Profit before Depreciation, Interest and taxes	(11160.42)	2660
Interest	180.13	3188
Profit before Depreciation and taxes	(11340.55)	(528)
Depreciation	1469.26	1580
Profit (Loss) before tax	(12809.81)	(2108)
Provision for Tax	-	-
Deferred Tax Liability (Asset)	-	-
Net Profit (Loss) after taxes	(12905.54)	(2108)
Earning Per Shares (EPS)	(65.66)	(10.72)

**Operations and Performance:**

The sluggish market conditions for textile industry are still continuing and as a consequence, the performance of the Company during the reporting period has been adversely affected. During the FY 2016-17 under review, your company has produced 7681.80 MTs of yarn and 15.38 lakh meters of fabric as against 14748.50 MTs of yarn and 92.59 lakh meters of fabric in the year 2015-16. The net sales of the company were Rs. 126.20 crs as against Rs. 361.92 crs in the previous year. The company has incurred Net Loss of Rs. (129.06) crs as against Rs. (21.08) crs in the previous year.

**Exports:**

During the FY 2016-17 the FOB value of the Company exports was Rs. **17.04** crs as against Rs. 102.31 crs in the previous year.

**Capital Expenditure:**

During the year under review your Company had not incurred any capital expenditure and it was Rs. 2.40 crores in the previous year.

**Board of Directors and Key Managerial Personnel:**

Relevant information on composition of the Board and number of meetings is provided in 'Board of Directors' section of Corporate Governance Report which forms part of this Annual Report.

In terms of the provisions of Section 152 of the Companies Act, 2013, Shri Arun Kumar Agarwal, Director, would retire at the ensuing Annual General Meeting. He, being eligible offers himself for re-appointment. Your



Board of Directors recommends his re-appointment.

The Board of Directors of the Company has appointed Ms. Hamlata Devi as an Additional Directors with effect from 21<sup>st</sup> November, 2016. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she shall hold office up to the date of the ensuing 34<sup>th</sup> Annual General Meeting of the Company. Considering her varied experience and expertise, your Board recommends her appointment as an Independent Director of the Company.

Brief profiles of above Directors have been provided elsewhere in this Annual Report.

Sri K. Harishchandra Prasad and Smt Neha Agarwal have resigned from the office of Directors on 03-08-2016 and Shri. Sanjeev Mitla Agarwal has resigned from the office of Director on 08-10-2016 due to personal grounds. The Key Managerial Personnel of the Company Shri. Soma V.S, Company Secretary has also resigned on 14-02-2017. The Board placed on record its appreciation of the contributions made by them during their tenure as Directors and KMP of the Company and wished them all success, happiness and best of health in life.

Pursuant to the provisions of section 203 of Companies Act, 2013, the key managerial personnel of the Company are Shri. Ravinder Kumar Agarwal, Managing Director and Shri.Arun Kumar Agarwal, Chief Financial Officer.

Remuneration and other matters provided in section 178(3) of the Act have been disclosed in the corporate governance report, which forms part of this report.

#### **Audit Committee:**

Relevant information on composition of the Audit Committee and number of meetings is provided in 'Audit Committee' section of Corporate Governance Report which forms part of this Annual Report.

#### **Changes in Share Capital**

There was no change in Share Capital of the Company during the year 2016-17.

#### **Directors' Responsibility Statement:**

Pursuant to the requirement under section 134 (5) of the Companies Act, 2013 with respect to Directors' Responsibility statement, it is hereby confirmed 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company 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.



## **Statement on declaration by Independent Directors:**

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149 (6) of the Companies Act, 2013 and Listing Agreement / SEBI (LODR) Regulations, 2015.

## **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 are given in the Corporate Governance Report.

## **Whistle Blower Policy:**

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Company. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

## **Particulars of Loans, Guarantees or Investments:**

No Loans/Guarantees / Investments under Section 186 of the Companies Act, 2013 have been made during the year to the parties listed therein.

## **Transfer to reserves:**

In view of the loss incurred by the Company, losses of Rs. 12905.54 lakhs were transferred to surplus account of the Company.

## **Dividend**

In view of the loss incurred, the Board of Directors of the Company expresses their inability to recommend any dividend for the year under review.

## **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, Human Resources Risks, Regulatory Risks and Financial Risks. The management periodically reviews the risks and takes steps to mitigate identified risks.

## **Evaluation of the Board's Performance**

In compliance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the performance evaluation of the Board and of its Committees was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

## **Familiarization Program for Independent Directors:**

The Company has formulated a familiarization program for the Independent Directors to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The details of such program are available in the Company's website [www.suryajyoti.com](http://www.suryajyoti.com).

## **Fixed Deposits:**

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.



## **Extract of Annual Return:**

An Extract of Annual Return prepared in accordance with Section 92(3) of the Act in Form MGT-9 is annexed as 'Annexure I' to this report.

## **Management Discussion & Analysis:**

Pursuant to the provisions of SEBI (LODR) Regulations, 2015, a report on Management Discussion & Analysis is herewith annexed as 'Annexure - II' to this report.

## **Corporate Governance:**

The Company has been making every endeavor to bring more transparency in the conduct of its business. As per the requirements of the Listing Agreement / SEBI (LODR) Regulations, 2015, a compliance report on Corporate Governance for the year 2016-17 and a Certificate from the Auditors of the Company are furnished which form part of this Annual Report.

## **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

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

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

## **Human Resources:**

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

## **Significant and material orders passed by the regulators or courts:**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## **Statutory Auditors:**

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with Rule 6 of Companies (Audit and Auditors) Rules, 2014, the office of M/s. Rao Chowdary & Associates, Chartered Accountants as statutory auditors of the company comes to an end. As their term of office comes to end at ensuing Annual General Meeting, it is proposed to appoint M/s.ATHOTA & CO., Chartered Accountants, Hyderabad, (FRN 004828S) as the statutory auditors of the company to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General Meeting until the conclusion of the 39<sup>th</sup> AGM of the Company to be held in the year 2022, subject to ratification at every AGM. The Board recommends the resolution for your approval.



## Comments on Audit qualifications:

The Company has not provided interest in respect of loans availed from SBI, SBH and IOB consequent to loan accounts becoming NPA (Non Performing Asset) on the principle of accounting prudence as the Company will be negotiating for a amicable settlement with these Banks.

The Management is of the opinion that the liability does not arise and hence not provided for.

## Internal Auditors:

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

## Cost Auditors:

In accordance with Section 148(3) of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, the Audit Committee has recommended and the Board of Directors had appointed M/s.GVSSP & Associates, Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company during the financial year 2016-17 on a remuneration of Rs.19000/- . The remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s.GVSSP & Associates Cost Accountants is included at Item No.5 of the Notice convening the Annual General Meeting.

## Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. N. Madhavi, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as '**Annexure III**' to this report.

## Particulars of Employees:

There are no employees in the Company, particulars of whom are required to be furnished under Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The industrial relations were cordial at all units of the Company.

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

The particulars as prescribed under section 134 (3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, are set out in '**Annexure - IV**' to this report.

## Related Party Transactions:

All the related party transactions were entered on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement / SEBI (LODR) Regulations, 2015.

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.

All Related Party Transactions are presented to the Audit Committee and to 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. Complete details mentioned in the Notes to accounts.



Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in '**Annexure - V**' in Form AOC-2 to this report.

**Declaration about Compliance with Code of Conduct by Members of the Board and Senior Management Personnel**

The Company has complied with the requirements about the Code of Conduct for Board members and Senior Management Personnel. A compliance certificate by the Managing Director forms part of this Report.

**Adequacy of Internal Financial Control Systems with reference to Financial Statements**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, and size and complexity of its operations. Internal control systems comprising of policies and procedures designed to ensure reliability of financial reporting timely feedback on achievement of operational and strategic goals, compliance with policies procedure, applicable laws and regulations, and that all assets and resources are acquired are used economically.

**Corporate Social Responsibility**

The provisions of Corporate Social Responsibility are not applicable to the Company for the year.

**Subsidiary / Joint Venture / Associate Companies**

The Company does not have Subsidiary / Joint venture / Associate companies.

**Acknowledgements:**

Your Directors wish to place on record their appreciation for the valuable support and co-operation extended by State Bank of India, IDBI Bank, State Bank of Hyderabad, Indian Overseas Bank and State and Central Government Agencies.

Your Directors also wish to place on record their sincere appreciation of the contribution made by the employees of the Company and are thankful to the Shareholders for their continued patronage and support.

For and on behalf of the Board of Directors

Place: Secunderabad  
Date: 14-08-2017

Sd/-  
**R.K. AGARWAL**  
Managing Director  
DIN: 00011349

Sd/-  
**A.K. AGARWAL**  
Executive Director  
DIN:00011126



**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2017**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L18100TG1983PLC003961
2.	Registration Date	23/05/1983
3.	Name of the Company	Suryajyoti Spinning Mills Limited
4.	Category/Sub-category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office & contact details	Burgul Village, Farooqnagar Mandal, Mahabubnagar District – 509 202, Telangana Tel. No. 08548-255246; 040-27810086 info@suryajyoti.com
6.	Whether listed company	YES (Listed on BSE & NSE)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Telangana, Ph: 040 6716 1606 / 1602 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

**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 products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Yarn	13111/13114	77.27
2	Manufacturing of Fabric	13121	22.73

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES: NIL**

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary	% OF SHARES	APPLICABLE SECTION
	NIL				



<b>IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>									
<b>(i) Category-wise Shareholding</b>									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	8111397	0	8111397	41.27	8111397	0	8111397	41.27	0
Central Govt	0	0	0	0	0	0	0	0	0
State Govt (s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1) :-</b>	<b>8111397</b>	<b>0</b>	<b>8111397</b>	<b>41.27</b>	<b>8111397</b>	<b>0</b>	<b>8111397</b>	<b>41.27</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>8111397</b>	<b>0</b>	<b>8111397</b>	<b>41.27</b>	<b>8111397</b>	<b>0</b>	<b>8111397</b>	<b>41.27</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	637500	0	637500	3.24	637500	0	637500	3.24	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	1026608	0	1026608	5.22	1026608	0	1026608	5.22	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total B(1)</b>	<b>1664108</b>	<b>0</b>	<b>1664108</b>	<b>8.47</b>	<b>1664108</b>	<b>0</b>	<b>1664108</b>	<b>8.47</b>	<b>0</b>
<b>2. Non Institutions</b>									





a) Bodies Corp.									
i) Indian	796048	2800	798848	4.06	624789	2800	627589	3.19	-0.88
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	4008134	1351540	5359674	27.27	4016679	1347540	5364219	27.29	+0.02
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	3678253	0	3678253	18.71	3836137	0	3836137	19.52	+0.81
c) Others									
1. NRI	42494	0	42494	0.22	48795	0	48795	0.25	+0.03
2. NRINR	792	0	792	0.00	1370	0	1370	0.01	+0.01
3. Clearing Members	598	0	598	0.00	2349	0	2349	0.01	+0.01
4. Trust	0	0	0	0.00	200	0	200	0.00	0.00
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	10190427	1354340	11544767	58.73	10194417	1350340	11544757	58.73	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>18301824</b>	<b>1354340</b>	<b>19656164</b>	<b>100.00</b>	<b>18305824</b>	<b>1350340</b>	<b>19656164</b>	<b>100.00</b>	<b>0</b>

<b>(ii) Shareholding of Promoters</b>								
Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			%Change during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Ravinder Kumar Agarwal	2231086	11.35	100.00	2231086	11.35	100.00	0
2.	Arun Kumar Agarwal	2125600	10.81	100.00	2125600	10.81	100.00	0
3.	Neha Agarwal	1365500	6.95	100.00	1365500	6.95	100.00	0
4.	Vijay Latha Jain	1248900	6.35	100.00	1248900	6.35	100.00	0
5.	Uma Bai Agarwal	725516	3.69	100.00	725516	3.69	100.00	0
6.	Ravinder Kumar Agarwal (HUF)	205050	1.04	100.00	205050	1.04	100.00	0
7.	Basudev Agarwal	204545	1.04	100.00	204545	1.04	100.00	0
8.	Swati Gupta	5200	0.03	100.00	5200	0.03	100.00	0
	<b>Total :</b>	<b>8111397</b>	<b>41.27</b>	<b>100.00</b>	<b>8111397</b>	<b>41.27</b>	<b>100.00</b>	<b>0</b>


**(iii) Change in Promoters' Shareholding (Please specify If there is No Change)**

Sl. 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	DURING THE YEAR THERE WAS NO CHANGE IN THE SHAREHOLDING OF PROMOTERS			
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweat equity etc):				
	At the End of the year				

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

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mavi Investment Fund Limited (APMS Investment Fund Ltd)	1026608	5.22	1026608	5.22
2	Subramanian P	0	0.00	798706	4.06
3	United India Insurance Company Limited	637500	3.24	637500	3.24
4	Pranav Kumarpal Parekh	500397	2.55	513410	2.61
5	Sanjeev Vinodchandra Parekh	364970	1.86	408248	2.08
6	Vinodchandra Mansukhlal Parekh	292623	1.49	292623	1.49
7	Master Capital Services Limited	237682	1.22	246879	1.26
8	Sangita Kumarpal Parekh	0	0.00	186757	0.95
9	Chandrika Vinodchandra Parekh	160380	0.82	160380	0.82
10	Vinodchandra Mansukhlal Parekh	136577	0.69	136577	0.69


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

Sl. No.	For Each of the Directors and KMP	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
<b>1</b>	<b>RAVINDER KUMAR AGARWAL</b>				
	At the beginning of the year	2231086	11.35	2231086	11.35
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):NIL	0	0	0	0
	At the End of the year	2231086	11.35	2231086	11.35
<b>2</b>	<b>ARUN KUMAR AGARWAL</b>				
	At the beginning of the year	2125600	10.81	2125600	10.81
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): NIL	0	0	0	0
	At the End of the year	2125600	10.81	2125600	10.81
<b>3</b>	<b>KUSHESHWAR JHA</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): NIL	0	0	0	0
	At the End of the year	0	0	0	0
<b>4</b>	<b>HAMLATA DEVI</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): NIL	0	0	0	0
	At the End of the year	0	0	0	0



(vi) **Indebtedness (Indebtedness of the company including Interest outstanding/ accrued but not due for payment)**

(Rs. in lacs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	26883.40	2414.45	-	29297.85
ii) Interest due but not paid	220.30	-	-	220.30
iii) Interest accrued but not due	64.48	-	-	64.48
<b>Total (i+ii+iii)</b>	<b>27168.18</b>	<b>2414.45</b>	<b>-</b>	<b>29582.63</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	1137.37	-	-	1137.37
- Reduction	(1362.92)	-	-	(1362.92)
<b>Net Change</b>	<b>(225.55)</b>	<b>-</b>	<b>-</b>	<b>(225.55)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	26942.63	2414.45	-	29357.08
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>26942.63</b>	<b>2414.45</b>	<b>-</b>	<b>29357.08</b>

(vii) **REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (Rs.)
		R.K.Agarwal	A.K.Agarwal	Neha Agarwal	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0	0
5	Others, please specify (contribution to P.F)	0	0	0	0
	Total (A)	0	0	0	0
	Ceiling as per the Act: Part II – Section II of Schedule V: Minimum Remuneration				



**B. Remuneration to Other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors			TOTAL AMOUNT (Rs.)
		Sanjeev Mitla	K.Harish chandra Prasad	Kusheshwar Jha	
1	<b>Independent Directors</b>				
	Fee for attending board committee meetings	4000	5500	-	9500
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	4000	5500	-	9500
2	<b>Other Non-Executive Directors</b>				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	4000	5500	-	9500
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

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

(Rs.)

S. No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(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	-	-	-
	<b>TOTAL</b>	-	-	-



(viii) **PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENSES : NIL**

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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Place: Secunderabad  
Date: 14-08-2017

Sd/-  
**R.K. AGARWAL**  
Managing Director  
DIN: 00011349

Sd/-  
**A.K. AGARWAL**  
Executive Director  
DIN:00011126

**MANAGEMENT DISCUSSION AND ANALYSIS****Background**

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The textile industry employs about 40 million workers and 60 million indirectly. India's overall textile exports during FY 2016-17 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

**Market Size**

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US\$ 500 billion in size#. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

**Government Initiatives**

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The government of India has announced H7500 Crores for garment industry. The Key Initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below:

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from H1,36,000 crore (US\$ 20.4 billion) to H2,44,000 crore (US\$ 36.6 billion).
- Upgrade labour skills by allocating H2,200 crore (US\$ 330 million). Some of initiatives taken by the government to further promote the industry are as under:
- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer.



- Memorandum of Understanding (MoU) worth H8,835 crore (US\$ 1.3 billion) in areas such as textile parks, textile processing, machinery, carpet development and others, were signed during the Vibrant Gujarat 2017 Summit. The Union Minister for Textiles inaugurated Meghalaya's first-ever apparel and garment making centre to create employment opportunities in the region.
- The Union Minister for Textiles also mentioned Meghalaya has been sanctioned H32 crore (US\$ 4.8 million) for promotion of handlooms. The Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of H80,630 crore (US\$ 12.09 billion) in the next three years.
- The Clothing Manufacturers' Association of India (CMAI) has signed a memorandum of understanding (MOU) with China Chamber of Commerce for Import and Export of Textiles (CCCT) to explore potential areas of mutual co-operation for increasing apparel exports from India.
- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.

## **Subsidies on machinery and infrastructure**

- The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers manufacturing of major machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement also provided to the specified technical textile machinery under RRTUFS.
- Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to H40 crore (US\$ 6 million). Under this scheme the technical textile units can also avail its benefits.

The major machinery for production of technical textiles receives a concessional customs duty list of 5 per cent.

## **The Government of India has implemented several export promotion measures such as:**

- Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2 per cent of freight on board (FOB) value of exports.
- Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries.
- Under the Market Development Assistance (MDA) Scheme, financial assistance is provided for a range of export promotion activities implemented by Textiles Export Promotion Councils

## **Road Ahead**

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.





The Union Ministry of Textiles, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalising guidelines for the revised Textile Upgradation Fund Scheme (TUFS).

The Indian cotton textile industry is expected to showcase a stable growth in FY 2017-18, supported by stable input prices, healthy capacity utilization and steady domestic demand.

## **Operational and Financial Performance**

During the current financial year, your Company had produced 7681.80 MTs of yarn and 15.38 lakh meters of fabric as against 14748.50 MTs of yarn and 92.59 lakhs meters of fabric in 2015-16.

The Company's Net sales for the financial year 2016-17 stood at Rs. 12620 lakhs when compared to Rs. 36192 lakhs for the financial year 2015-16 and incurred a loss of Rs.12905.54 lakhs for the year ended 31.03.2017 when compared to loss of Rs. 2108 lakhs in the previous year. The main reason for the increase in loss is mainly due to higher raw material prices and partly due to decrease in finished goods prices.

During the FY 2016-17 the FOB value of your company's exports was Rs.17.04 crs when compared with the exports of Rs. 102.31 crs in the corresponding previous year.

## **Internal Financial Control Systems and their adequacy**

The Company has proper and adequate internal financial control system commensurate with the size and complexity of the Organization. The internal control is supplemented by an extensive programme of internal audits, reviewed periodically by the Audit Committee of the Board of Directors. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

## **Material developments in human resources/ industrial relations front, including number of people employed**

Suryajyoti's HR policy has been based on the underlying values of fairness, merit, equal opportunity and social responsibility. The spinning Industry is highly labour oriented and the Company follows best practices to attract, train and retain the resource pool. With utmost respect to human values, the Company served its human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employee welfare activities. As a result, industrial relations are cordial and satisfactory.

80% of the workers employed by the Company reside in accommodation provided by the Company close to production units. By providing fair employment conditions and an environment conducive to social development, the Company has created strong relationships with its workforce to manage the attrition rate successfully. As on 31<sup>st</sup> March 2017, the Company has about 850 permanent employees in its offices and units.

## **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.*



**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
M/s. Suryaajyoti Spinning Mills Limited  
7<sup>th</sup> Floor, Surya Towers,  
105, S.P. Road,  
Secunderabad – 500 003, Telangana.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Suryaajyoti Spinning Mills Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. Suryaajyoti Spinning Mills Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Suryaajyoti Spinning Mills Limited for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014 **(Not applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**;



(vi) Other specifically applicable laws to the Company:

- Hank Yarn Packing Notification issued under the Essential Commodities Act, 1955;
- Boiler Act, 1923 and Indian Boiler Regulations 1950;
- Explosives Act, 1884;
- The EPF & Misc. Provisions Act, 1952;
- Environmental Laws.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India;
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards **subject to the following observations / qualifications:**

- a) Annual Listing fees to Bombay Stock Exchange and National Stock Exchange is not paid for the Financial Year 2016-17, pursuant to SEBI (LODR) Regulations, 2015;***
- b) Company has not paid Annual Custodial Fees to NSDL & CDSL; Non compliance with The Depositories Act, 1996;***
- c) Observed non compliance with many other regulations of SEBI (LODR) Regulations, 2015 submission of quarterly / half yearly report to Stock Exchanges i.e., Regulation 31; Regulation 40(9); Regulation 13; Regulation 7(3); Regulation 27 etc;***
- d) Reconciliation of Share Capital Audit Report as per Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is not submitted.***
- e) The Company has not published Advertisement in Newspapers pursuant to Regulation 47 of SEBI (LODR) Regulations, 2015;***
- f) Constitution of Nomination and Remuneration Committee is not in accordance with Regulation 19 of SEBI (LODR) Regulations, 2015;***
- g) The Company has appointed a compliance officer who is not a qualified company secretary;***
- h) Failure to convey and conduct Independent Directors Meeting during the year: Non compliance with Regulation 25 of SEBI (LODR) Regulations, 2015;***
- i) During the year, the trading in Shares of the Company is suspended from both Bombay Stock Exchange and National Stock Exchange on penal grounds;***
- j) Renewal of Consent from Pollution Control Board with respect to Rajapur unit is pending: Non Compliance with Environment (Protection) Act, 1986;***
- k) The Company continues to be a Non Performing Asset (NPA): defaulter in repayment of loans from Banks / Financial institutions;***
- l) Undisputed Statutory dues for the year, i.e., PF, ESI, TDS, Service Tax, Sales Tax etc. were not remitted to Government ;***
- m) The Company Secretary resigned on 14/02/2017 and the position is yet to be filled;***
- n) Qualification extracted from Statutory Auditors Report:***

*The Company has not provided the interest on Working capital loans and Term loans with SBI, SBH, IDBI and IOB for Rs. 43.16 Crores for the period post the loan accounts became NPA during the year.*

*Consequent to the above, the loss for the year is under stated to the extent of Rs. 43.16 cr and the liabilities as at 31.03.2017 is understated to the extent of Rs. 53.92 crores and Shareholders funds are overstated to that extent.*



## I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Date: 14<sup>th</sup> August 2017  
Place: Hyderabad

Sd/-  
N. Madhavi  
Company secretary in Practice  
ACS No: 16866; CP No: 11732

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

**'Annexure A'**

To,  
The members,  
Suryajyoti Spinning Mills Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 14<sup>th</sup> August 2017  
Place: Hyderabad

Sd/-  
N. Madhavi  
Company secretary in Practice  
ACS No: 16866; CP No: 11732



**ANNEXURE – IV**

Details as required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014 are provided below.

**Conservation of Energy**

The Company is making necessary efforts for conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

**FORM – A**

**Form for disclosure of particulars with respect to conservation of energy**

	<b>2016-17</b>	<b>2015-16</b>
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a. Purchased Unit (Nos.)	36868375	70256702
Total amount (Rs.)	227860632	384361483
Rate / Unit (Rs.)	6.18	5.47
b. Own Generation		
i) Through Diesel Generator		
Unit (Nos.)	41805	32202
Unit per Ltr. Of Oil	3.46	3.34
Cost / Unit (Rs.)	17.80	17.76
ii) Through Steam Turbine / Generators	Nil	Nil
2. Husk (Rs.)	15706022	63358321
<b>B. CONSUMPTION PER UNIT OF PRODUCTION (Kg.)</b>		
Consumption per Kg. of Production		
Electricity (No. of Units)		
Yarn (kgs)	4.21	2.95
Fabric (Mtrs)	3.94	1.31

**FORM - B**

**Form for disclosure of particulars with respect to Technology absorption Research and Development (R&D)**

1. Specific areas in which R & D carried out by the Company:	The Company is having R&D in introduction and development of value added products.
2. Benefits derived as a result of the above R & D:	New value added products were developed.
3. Future Plan of action:	To further develop more value added products and improve the quality of the products.
4. Expenditure on R & D:	Expenditure on in-house R & D has been shown under respective heads of expenditure in the profit and loss account as no separate account is maintained.



<b>Technology absorption, adaptation and innovation:</b>	
1. Efforts, in brief, made towards technology:	The company had adopted Absorption, adaptation and innovation indigenous technology and innovated upon the same.
2. Benefits derived as a result of the above: Efforts e.g. product improvement, cost reduction, substitution etc.	Product improvement, increase in yield and quality resulted increase in Turnover.
3. In case of imported technology: imported during the 5 years reckoned from the beginning of the financial year), following information may be furnished  (a) Technology imported: (b) Year of import: (c) Has technology been fully absorbed: (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action:	No technology has been imported during the last 5 years.  Nil N.A. N.A. N.A.
<b>C. Foreign Exchange Earnings and Outgo:</b>	
(a) Activities relating to exports, initiatives Taken to increase Exports, development of new export markets for production and service, and export plans.	The information on Foreign Exchange Earnings and out-go is furnished in the Notes to Accounts forming part of the financial statements.

For and on behalf of the Board of Directors

Place: Secunderabad  
Date: 14-08-2017

Sd/-  
**R.K. AGARWAL**  
Managing Director  
DIN: 00011349

Sd/-  
**A.K. AGARWAL**  
Executive Director  
DIN: 00011126



**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

S. No.	Particulars	
1.	<b>Details of contracts or arrangements or transactions not at arm's length basis:</b>	<b>NIL</b>
	(a) Name(s) of the related party and nature of relationship:	
	(b) Nature of contracts/arrangements/transactions:	
	(c) Duration of the contracts / arrangements/transactions:	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
	(e) Justification for entering into such contracts or arrangements or transactions	
	(f) Date(s) of approval by the Board:	
	(g) Amount paid as advances, if any:	
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	
2.	<b>Details of material contracts or arrangement or transactions at arm's length basis:</b>	<b>NIL</b>
	(a) Name(s) of the related party and nature of relationship:	
	(b) Nature of contracts/arrangements/transactions:	
	(c) Duration of the contracts / arrangements/transactions:	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
	(e) Date(s) of approval by the Board, if any:	
	(f) Amount paid as advances, if any:	

For and on behalf of the Board of Directors

Place: Secunderabad  
Date: 14-08-2017

Sd/-  
**R.K. AGARWAL**  
Managing Director  
DIN: 00011349

Sd/-  
**A.K. AGARWAL**  
Executive Director  
DIN: 00011126



**REPORT ON CORPORATE GOVERNANCE**

**Brief Statement on Company's Philosophy on Code of Corporate Governance**

The Company believes that good corporate governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's corporate governance philosophy has been further strengthened through the Code of conduct and the Code of Conduct for Prevention of Insider Trading.

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under SEBI (LODR) Regulations, 2015.

**BOARD OF DIRECTORS**

**Composition of the Board:**

As on 31<sup>st</sup> March 2017, the Board consists of Four Directors. The Company has an optimum combination of Executive and Non-Executive Directors with one Woman Director and Independent Directors.

<i>Name of Director</i>	<i>Category</i>
Shri. R. K. Agarwal	Managing Director / Promoter
Shri. Kusheshwar Jha	Independent Director
Sri A. K. Agarwal	Executive Director / Promoter
Smt. Hamlata Devi	Additional Director in the capacity of Independent Director

**Number and date of Board Meetings:**

Eight (8) Board Meetings were held during the FY 2016-17. The Meetings were held on 27-05-2016, 03-08-2016, 13-08-2016, 23-09-2016, 08-10-2016, 07-11-2016, 21-11-2016, and 14-02-2017. The maximum time gap between any two Board meetings was not exceeding 120 days.

**Directors' attendance record and Directorships held:**

The Attendance of Directors at the Board Meetings and at the previous Annual General Meeting and Directorships held was as under.

Name of the Director	Attendance in Board meetings		Whether attended the AGM held on 30th September 2015	Number of other Directorships	No. of Committee positions held in Public Companies		No. of shares held in the Company (%)
	Held	Present			Chairman	Member	
Shri R. K. Agarwal	8	8	Yes	1	Nil	1	2231086 (11.35)
Shri K Harishchandra Prasad *	1	1	No	9	3	6	2200 (0.01)
Shri Sanjeev Mitla *	4	1	Yes	26	1	Nil	2500 (0.01)





Shri. A. K. Agarwal	8	8	Yes	2	Nil	3	2125600 (10.81)
Smt. Neha Agarwal *	1	1	No	2	Nil	Nil	1365500 (6.95)
Ms. Hamlata Devi**	1	1	No	0	Nil	2	0
Shri. Kusheshwar Jha	6	6	Yes	3	3	0	0

\* Shri. K Harishchandra Prasad and Smt. Neha Agarwal were ceased to be Directors on the Board w.e.f. 3<sup>rd</sup> August 2016. Shri. Sanjeev Mitla ceased to be Director on the Board w.e.f. 08<sup>th</sup> October, 2016.

\*\* Ms. Hamlata Devi was inducted in the Board as an Additional Director w.e.f. 21<sup>st</sup> November, 2016

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in SEBI (LODR) Regulations, 2015, across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other Public Limited Companies. None of the Directors serve as an Independent Director in more than seven listed companies.

## Appointment / Re-appointment of Directors

The details relating to appointment and re-appointment of Directors are provided in the Notice to the Annual General Meeting.

## COMMITTEES OF THE BOARD:

Currently, there are three Board Committees – Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairman of the respective Committees. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

## AUDIT COMMITTEE

### Brief description of terms of reference:

The Company has a Qualified and Independent Audit Committee comprising of 2 Independent Directors and 1 Executive Director, constituted in accordance with the provisions of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are as per the guidelines set out in the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

### i) Powers of the Audit Committee include:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### ii) Role of the Audit Committee includes:

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.



- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- Review of Statement of significant related party transactions submitted by the management.
- Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
- Review of internal audit reports relating to internal control weaknesses.
- Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Review and monitor the auditor's independence and performance and effectiveness of audit process
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors of any significant findings and follow up there on
- Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower Mechanism
- Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
- Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee.

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

**Composition, name of members and Chairperson:**

- |    |                      |   |                                     |
|----|----------------------|---|-------------------------------------|
| 1. | Shri. Kusheshwar Jha | - | Chairman, Independent               |
| 2. | Ms. Hamlata Devi     | - | Member, Independent                 |
| 3. | Shri. A.K. Agarwal   | - | Member, Executive & Non-Independent |



All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management. The Committee was reconstituted on 21/11/2016 with the new members.

Chief Financial Officer and Vice President (Finance) of the Company and representatives from M/s. K.S.Rao & Co, Internal Auditors and M/s. Rao Chowdary & Associates, Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the said Committee.

### Meetings and attendance during the year:

The Audit Committee met 4 times during the financial year 2016-17, with a gap not exceeding four months between any two meetings. Each meeting consisted of atleast 2 Members as its quorum out of which atleast 2 are independent members. The said committee met on 27<sup>th</sup> May 2016, 13<sup>th</sup> August 2016, 21<sup>st</sup> November 2016 and 14<sup>th</sup> February 2017.

Sl. No.	Name	No. of Meetings held	No. of Meetings attended
1.	Shri. Kusheshwar Jha	4	4
2.	Shri Sanjeev Mitla	2	1
3.	Shri. A.K. Agarwal	4	4
4.	Ms. Hamlata Devi	1	1

### NOMINATION & REMUNERATION COMMITTEE

#### Brief description of terms of reference:

The Nomination and Remuneration Committee has been formed in compliance of SEBI (LODR) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 2 Independent Directors and 1 Executive & Non-Independent Director.

The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

The role of the Nomination and Remuneration Committee include:

- 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.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To recommend/review remuneration of Key Managerial Personnel based on their performance and defined assessment criteria.
- To decide on the elements of remuneration package of all the Key Managerial Personnel i.e. salary, benefits, bonus, pensions, etc.
- Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment / revision of remuneration payable to Managerial Personnel.



- While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
- Any other functions / powers / duties as may be entrusted by the Board from time to time.

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company, [www.suryajyoti.com](http://www.suryajyoti.com).

### Composition, Name of Members:

- |    |                      |   |                                     |
|----|----------------------|---|-------------------------------------|
| 1. | Shri. Kusheshwar Jha | - | Chairman, Independent               |
| 2. | Ms. Hamlata Devi     | - | Member, Independent                 |
| 3. | Shri. A.K. Agarwal   | - | Member, Executive & Non-Independent |

### Meetings and attendance during the year:

During the financial year 2016-17, one Remuneration Committee Meeting was held on 16-08-2016.

### Remuneration Policy

To recommend/review the remuneration package, periodically to the Managing / Whole-time Directors and Senior Management, one level below the Board. The remuneration policy is in consonance with the existing Industry Practice and also in line with the provisions of the Companies Act, 2013.

### Details of remuneration paid to the Directors during the year ended 31- March 2017 are: NIL

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

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been formed in compliance of SEBI (LODR) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013.

Shri Kusheshwar Jha, Non-Executive & Independent Director heads the Committee. Sri V.S.Soma, Company Secretary is the Compliance Officer of the Company.

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

In accordance with SEBI (LODR) Regulations, 2015, the Board has authorised the Executive Director and Company Secretary, who is also the Compliance Officer, to approve share transfers / transmissions and comply with other formalities in relation thereto.

The total number of complaints received and resolved to the satisfaction of shareholders during the year under review was 18. No complaints were pending as on 31-03-2017.

The Committee oversees the performance of the Registrar and Share Transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the powers to approve share transfer/transmission are delegated to the Executive Director & Company Secretary, all the share transfer/transmission cases approved by the said officials are reported to the Committee which also keeps a close watch on disposal status of all complaints/grievances of shareholders.

The Stakeholders' Relationship Committee met four times during the previous year. The said committee met on 27<sup>th</sup> May 2016, 13<sup>th</sup> August 2016, 21<sup>st</sup> November 2016 and 14<sup>th</sup> February 2017.

The composition of the Stakeholders' Relationship Committee and the attendance of each Member of the said Committee are as under:



Sl. No.	Name	No. of Meetings held	No. of Meetings attended
1.	Shri Kusheshwar Jha	3	3
2.	Shri. R. K. Agarwal	4	4
3.	Shri. A. K. Agarwal	4	4

## GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

AGM	Year	Location	Date	Time	No. of special resolutions passed
33 <sup>RD</sup>	2015-16	Registered Office of the Company, Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	30-09-2016	11.30 A.M	Three
32 <sup>ND</sup>	2014-15	Registered Office of the Company, Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	30-09-2015	11.30 A.M	Two
31 <sup>ST</sup>	2013-14	Registered Office of the Company, Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	30.09.2014	11.30 A.M	Four

For the year ended 31<sup>st</sup> March 2017, there have been no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

## 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 significant material transactions 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.

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.suryajyoti.com/policyonrelated.html>

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – During the year under review, the Company's shares are suspended due to penal provisions.
- c) Disclosure of Accounting Treatment

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

- d) CEO / CFO Certification

In terms of SEBI (LODR) Regulations, 2015, the Certificate duly signed by Managing Director and Chief Financial Officer of the Company was placed before the Board of Directors along with the financial



statements for the year ended March 31, 2017, at its meeting held on 30/05/2017. The said certificate forms part of the Annual Report.

e) **Vigilance Mechanism / Whistle Blower Policy**

The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy and also provides for adequate safeguards against victimization of employees. No person has denied access to the Audit Committee.

The Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees. The Whistle Blower Policy of the Company is also posted on the website of the Company.

f) The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 and is in the process of implementation of Non-mandatory requirements.

g) **Reconciliation of Share Capital Audit**

A qualified practicing Company Secretary carries out a quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Share Capital Audit Report confirms that the total Paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## **MEANS OF COMMUNICATION**

The quarterly Results are intimated to the shareholders through press. Quarterly results of the Company are normally published in Business Standard and Nava Telangana (Prajasakti), within 48 hours from the conclusion of the Board Meeting. Financial results and other information are displayed in the Investor Relations section on the Company's website [www.suryajyoti.com](http://www.suryajyoti.com).

There were no presentations made to the Institutional Investors or Analysts during the year 2016-17. The Management Discussion and Analysis Report forms part of this Annual Report.

## **GENERAL SHAREHOLDER INFORMATION**

a) **Annual General Meeting:**

Date & Time : Friday, the 29<sup>th</sup> day of September 2017 at 11.30 a.m.

Venue : Registered Office, Burgul Village, Farooqnagar Mandal, Mahabubnagar District, Pin – 509 202, Telangana.

b) **Financial Calendar (tentative) for F.Y. 2017-18:**

1 <sup>st</sup> Quarter Results	-	On or before 14 <sup>th</sup> September, 2017
2 <sup>nd</sup> Quarter Results	-	On or before 14 <sup>th</sup> November, 2017
3 <sup>rd</sup> Quarter Results	-	On or before 14 <sup>th</sup> February, 2018
Annual Audited Results	-	On or before 30 <sup>th</sup> May, 2018

c) **Dates of Book Closure** : 23-09-2017 to 29-09-2017 (both days inclusive)

d) **Dividend Payment Date** : No dividend was recommended for the FY 2016-17.

e) **Listing on Stock Exchanges:**

The Company's Shares are listed on the following Stock Exchanges. The Listing fees for the year 2017-18 is yet to be paid:



Name of the Stock Exchange	Address	Code
The National Stock Exchange of India Limited	'Exchange Plaza', C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	SURYAJYOTI
The Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400001.	521022

f) Stock Data:

Monthly High and Low prices of Suryajyoti Spinning Mills Limited at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) for the year ended 31- March 2017 are furnished hereunder:

Month	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2016	9.35	7.05	8.80	6.25
May, 2016	8.79	7.38	8.50	7.10
June, 2016	8.50	6.20	8.55	6.25
July, 2016	9.70	7.60	9.30	7.65
August, 2016	8.53	7.00	8.50	6.70
September, 2016	7.19	5.70	7.90	6.90
October, 2016	8.40	5.70	7.25	6.00
November, 2016	8.79	7.28	7.95	7.25
December, 2016	-	-	-	-
January, 2017	7.22	5.91	6.90	6.90
February, 2017	6.07	4.96	-	-
March, 2017	4.72	4.29	6.90	6.90

g) Registrar & Transfer Agents

M/s. Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda,  
 Hyderabad – 500 032. Telangana,  
 Ph: 040 6716 1606 / 1602  
 Toll Free No. 18003454001  
 Email: einward.ris@karvy.com Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

h) Share Transfer System

The share transfers are processed and the share certificates are returned to the shareholders within 15 days, subject to the documents being complete in all respects.



i] Distribution of shareholding as on 31- March 2017:

Shareholding of Nominal value	Shareholders		Shares	
	Number	%	Amount (Rs.)	%
1 – 5000	15770	90.82	22660230.00	11.53
5001 – 10000	753	4.34	6275450.00	3.19
10001 – 20000	397	2.29	6177340.00	3.14
20001 – 30000	129	0.74	3310800.00	1.68
30001 – 40000	69	0.40	2475430.00	1.26
40001 – 50000	56	0.32	2671360.00	1.36
50001 – 100000	87	0.50	6296750.00	3.20
100001 and above	103	0.59	146694280.00	74.63
<b>TOTAL</b>	<b>17364</b>	<b>100.00</b>	<b>196561640.00</b>	<b>100.00</b>

j] Shareholding Pattern as on 31- March 2017

Category	Number of cases	No. of shares	Percentage
Clearing Members	1	2349	0.01
Foreign Institutional Investors	1	1026608	5.22
Indian Financial Institutions	1	637500	3.24
Bodies Corporates	182	627589	3.19
Non Resident Indians	22	48795	0.25
Promoter Individuals	8	8111397	41.27
Resident Individuals	17139	9200356	46.81
Non Resident Indian Non Repatriable	9	1370	0.01
<b>Trusts</b>	1	200	0.00
<b>Total</b>	<b>17364</b>	<b>19656164</b>	<b>100.00</b>

k] 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). Equity shares of the Company representing 93.13% of the Company's share capital have been dematerialized as on 31.03.2017.

The Company's shares are regularly traded on The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE411C01017.

(i) Address of Registrars for Dematerialisation of Shares/transfer, change of address of members:

M/s.Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda,  
 Hyderabad – 500 032. Telangana,  
 Ph: 040 6716 1606 / 1602  
 Email: einward.ris@karvy.com Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)





(ii) Any queries relating to Dividends, Annual Reports etc., may be contacted at:

The Company Secretary,  
Suryajyoti Spinning Mills Ltd.  
Surya Towers, 7<sup>th</sup> Floor,  
105, Sardar Patel Road,  
Secunderabad – 500 003, Telangana.  
Ph: 040 – 27810086/27814265  
E-mail: shares@suryajyoti.com

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

m] Plant Locations

Makthal Village,  
Narayanpet Road, Makthal  
Mahabubnagar District  
Telangana

Burgul Village,  
Farooqnagar Mandal,  
Mahabubnagar District.  
Telangana

Rajapur Village  
Balanagar Mandal  
Mahabubnagar District  
Telangana

Kucherkal Village  
Balanagar Mandal  
Mahabubnagar District  
Telangana

n) Address for correspondence:

The Company Secretary  
Suryajyoti Spinning Mills Ltd.  
7<sup>th</sup> Floor, Surya Towers,  
105, S.P. Road, Secunderabad – 500 003.  
Ph: 040 – 27810086/27814265  
Fax: 040-27846837  
E-mail: info@suryajyoti.com  
CIN: L18100TG1983PLC003961

The above report has been approved by the Board of Directors in their meeting held on 14-08-2017.

**DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

Pursuant to Regulation 26 and Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board members and Senior Management Personnel are aware of the provisions of the code of conduct laid down by the Board. I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2017.

Place: Secunderabad  
Date: 14-08-2017

Sd/-  
**R. K. Agarwal**  
Managing Director

**CHIEF EXECUTIVE OFFICER (CEO)  
AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, R. K. Agarwal, Managing Director & CEO and A. K. Agarwal, Executive Director & CFO of Suryajyoti Spinning Mills Limited, to the best of our knowledge and belief, certify that:

We have reviewed the financial statements and the cash flow statement for the year under review and to the best of our knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading;
- these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.

We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.

We have indicated to the auditors and the audit committee that

- there are no significant changes in internal control over financial reporting during the year.
- there are no significant changes in accounting policies during the year .
- there are no frauds of which we are aware, that involves management or other employees who have a significant role in the company's internal control system.

Sd/-  
R. K. Agarwal  
Managing Director & CEO

Sd/-  
A. K. Agarwal  
Executive Director & CFO

Place: Secunderabad  
Date: 30-05-2017



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Suryajyoti Spinning Mills Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Suryajyoti Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and 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 prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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. In conducting 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 of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### Basis for Qualified Opinion

*The Company has not provided the interest on Working capital loans and Term loans with SBI, SBH, IDBI and IOB for Rs. 43.16 Crores for the period post the loan accounts became NPA during the year.*

*Consequent to the above, the loss for the year is understated to the extent of Rs.43.16 cr and the liabilities as at 31.03.2017 is understated to the extent of Rs.53.92 crores and Shareholders funds are overstated to that extent.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, 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 March 31, 2017, and its loss and its cash flows for the year ended on that date.

**Emphasis of Matters**

We draw attention to the following notes in to the financial statements:

- (i) Note No.28.16 of the financial statements, which indicates that as at March 31, 2017 the accumulated losses amounting to Rs.11,486.10 lakhs have completely eroded the net-worth of the Company and, the current liabilities exceeded the current assets as on that date. These conditions along with other matters as set forth in Note 28.16 of the financial statements, including dependence on continuous support from its promoters, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on a going concern basis for the reasons stated in the said Note.
- (ii) Note No.28.9 to the financial statements relating to confirmation of balances in respect of Trade receivables and Trade Payables and the Inventories as certified by the Management.
- (iii) Note No. 28.8 to the financial statements relating to non-provision of interest for delay in payments to MSME suppliers.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and, except for the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) The going concern matter described in sub-paragraph (i) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
  - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



- i) 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, as amended, 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;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For RAO CHOWDARY & ASSOCIATES  
Chartered Accountants  
(Firm's Registration No.014425S)

Sd/-  
(T.VenkateswaraRao)  
(Partner)  
(Membership No. 023942)

Place : Hyderabad  
Date : May 30, 2017



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Suryajyoti Spinning Mills Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may



occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAO CHOWDARY & ASSOCIATES  
Chartered Accountants  
(Firm's Registration No. 014425S)

Sd/-  
(T.Venkateswara Rao)  
(Partner)  
(Membership No. 023942)

Place : Hyderabad  
Date : May 30, 2017



**ANNEXURE “B” TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost 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.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is not regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and all other material statutory dues applicable to it to the appropriate authorities. The extent of the arrears of outstanding statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of the dues	Amount ( In Lakhs)	Period to which the amount relates	Due Since	Date of Payments
APGST Act.,	Sale Tax Deferment	48.65	2014-15	June 2015	Not Yet Paid
		69.59	2015-16	June 2016	
		120.52	2016-17	June 2017	
Employees Provident Fund Act	Provident Fund Contribution	113.57 86.39	2015-16 2016-17	Since April, 2015 Since April, 2016	Not Yet Paid
Employee state Insurance Act	Employee state Insurance	19.67	2015-16	Since April, 2015	Not Yet Paid
		16.17	2016-17	Since April, 2016	
Income Tax Act	TDS	69.64	2015-16	Since April, 2015	Not Yet Paid
		22.02	2016-17	Since April, 2016	
The Finance Act	Service Tax	14.03	2015-16	Since April, 2015	Not Yet Paid
		6.92	2016-17	Since April, 2016	





- (b) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes except as given below.

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs.)	Period to Which the amount relates (Financial Year)	Forum where dispute is pending
1.	Andhra Pradesh general sales Tax (APGST) Act, 1957 (Case filed by Bharat Petroleum Corporation Limited)	Sales Tax dues	12,70,773/-	1997-98	I Addl. Chief Judge, City Civil Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of loans or borrowings to financial institutions and banks and as a consequence the loan accounts have been classified as Non Performing by the said Banks as on the Balance Sheet date.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. No moneys were raised by way of initial public offer or further public offer.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For RAO CHOWDARY & ASSOCIATES  
Chartered Accountants  
(Firm's Registration No. 014425S)

Sd/-  
(T.VenkateswaraRao)  
(Partner)  
(Membership No. 023942)

Place: Hyderabad  
Date: May 30, 2017



**Suryajyoti Spinning Mills Limited**  
**Balance Sheet as at 31<sup>st</sup> March 2017**

(Figures in ₹ Lakhs)

PARTICULARS	Note No.	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	3	3,838.47		3,838.47	
(b) Reserves and surplus	4	(11,486.10)	(7,647.63)	1,419.44	5,257.91
<b>2 Non-current liabilities</b>					
(a) Long-term borrowings	5	-		9,401.08	
(c) Other Long term Liabilities	6	2,060.03		2,780.67	
(b) Long-term provisions	7	193.50	2,253.53	191.37	12,373.12
<b>3 Current liabilities</b>					
(a) Short-term borrowings	8	14,605.35		14,067.33	
(b) Trade payables	9	4,553.06		5,826.51	
(c) Other current liabilities	10	16,563.72		8,242.79	
(d) Short-term provisions	11	29.73	35,751.86	30.86	28,167.49
<b>TOTAL</b>			<b>30,357.76</b>		<b>45,798.52</b>
<b>II. ASSETS</b>					
<b>Non-current assets</b>					
<b>1 (a) Fixed assets</b>					
(i) Tangible assets	12	20,095.60		21,564.86	
(ii) Capital work-in-progress		-		-	
(b) Non-current investments	13	0.26		0.26	
(c) Long-term loans and advances	14	619.18	20,715.04	551.73	22,116.85
<b>2 Current assets</b>					
(a) Inventories	15	3,318.22		10,817.71	
(b) Trade receivables	16	3,071.31		7,472.22	
(c) Cash and cash equivalents	17	31.28		106.65	
(d) Short-term loans and advances	18	2,182.36		2,915.64	
(e) Other current assets	19	1,039.55	9,642.72	2,369.45	23,681.67
<b>TOTAL</b>			<b>30,357.76</b>		<b>45,798.52</b>
See accompanying Notes forming part of the Financial Statements	1-28				

As Per our report of even date  
 For Rao Chowdary & Associates  
 Chartered Accountants  
 Firm Registration No. 014425S

For and on behalf of the Board

Sd/-  
**T. Venkateswara Rao**  
 Partner  
 Membership No. 023942

Sd/-  
**R K Agarwal**  
 Managing Director  
 & C.E.O

Sd/-  
**A K Agarwal**  
 Executive Director  
 & C.F.O

Place: Hyderabad  
 Date : 30-05-2017



**Suryajyoti Spinning Mills Limited**  
**Statement of Profit & Loss for the Year ended 31<sup>st</sup> March, 2017**

(Figures in ₹ Lakhs)

Particulars	Note No.	Current Year 2016-2017	Previous Year 2015-2016
I. Revenue from operations	20	12,620.09	36,191.65
II. Other income	21	205.46	694.80
<b>III. Total Revenue (I + II)</b>		<b>12,825.55</b>	<b>36,886.45</b>
IV. Expenses:			
Cost of materials consumed	22	8,279.98	19,859.53
Purchases of Stock-in-Trade		245.44	1,324.62
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	5,799.15	1,335.50
Employee benefits expense	24	1,954.37	3,022.79
Finance costs	25	180.13	3,187.89
Depreciation and amortization expense	13	1,469.26	1,580.25
Other expenses	26	7,707.03	8,683.60
<b>Total expenses</b>		<b>25,635.36</b>	<b>38,994.18</b>
<b>V. Profit / (Loss) before Exceptional and Extraordinary items and Tax</b>		<b>(12,809.81)</b>	<b>(2,107.73)</b>
VI. Exceptional items		-	-
<b>VII. Profit / (Loss) before tax</b>		<b>(12,809.81)</b>	<b>(2,107.73)</b>
VIII Tax expense:			
(1) Current tax		-	-
(2) Tax For earlier years		95.73	-
(3) Deferred tax (Asset) / Liability (Refer Note 28.6)		-	-
Sub-Total - Tax expense :		95.73	-
<b>IX Profit / (Loss) for the Year</b>		<b>(12,905.54)</b>	<b>(2107.73)</b>
X Earnings per equity share:			
(1) Basic & Diluted	27	(65.66)	(10.72)
See accompanying Notes forming part of the Financial Statements	1-28		

As Per our report of even date  
 For Rao Chowdary & Associates  
 Chartered Accountants  
 Firm Registration No. 014425S

For and on behalf of the Board

Sd/-  
**T. Venkateswara Rao**  
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 Membership No. 023942

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 Managing Director  
 & C.E.O

Sd/-  
**A K Agarwal**  
 Executive Director  
 & C.F.O

Place: Hyderabad  
 Date : 30-05-2017



**Suryajyoti Spinning Mills Limited**  
**Cash Flow Statement for the Year ended 31<sup>st</sup> March,2017**

(Figures in ₹ Lakhs)

Particulars	Current Year 2016-2017	Previous Year 2015-2016
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Profit before Exceptional, Extraordinary items and Tax	(12,809.81)	(2,107.73)
Adjustment for:		
Depreciation	1,469.26	1,580.25
Finance Charges	180.13	3,187.89
Interest Income	(48.74)	(123.75)
<b>Operating Profit Before Working Capital Changes</b>	<b>(11,209.16)</b>	2,536.66
Adjusted for :		
Inventories	7,499.47	1,844.90
Trade and Other Receivables	4,400.92	(2,590.01)
Loans and Advances	2,142.51	(982.35)
Trade and Other Payables	<b>(1,704.69)</b>	1,714.14
<b>Cash Generated From Operations</b>	<b>1,129.05</b>	2,523.34
Direct taxes paid (net of refunds)	<b>(241.84)</b>	13.88
<b>Net Cash inflow / (Outflow) in the Course of Operating Activities(A)</b>	<b>887.21</b>	2,537.22
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets	-	(72.79)
Sales of Fixed Assets	-	-
Interest received	48.05	141.91
(Purchase) / Sale of Investments ( NET )	0.00	20.50
<b>Net Cash inflow / (Outflow) in the Course of Investing Activities (B)</b>	<b>48.05</b>	89.62
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Share Capital & Premium	-	-
Share Application Money	-	-
Proceeds from Long Term Borrowings	317.95	1,628.09
Proceeds from Bank Borrowings	538.03	1,534.00
Repayment of Long Term Borrowings	<b>(1,616.56)</b>	(3,160.49)
Hire purchase Loans taken	-	4.90
Hire purchase Loans paid	<b>(5.43)</b>	(14.95)
Increase / ( Decrease ) in unsecured loans	-	480.00
Finance Charges	<b>(244.61)</b>	(3,214.76)
Equity Dividends paid (including Tax on Dividend)	-	(5.29)
<b>Net Cash inflow / (Outflow) in the Course of Financing Activities (C)</b>	<b>(1,010.62)</b>	(2,748.50)
<b>D. NET INCREASE/ (DECREASE) IN CASH AND CASH (A) + (B) + (C)</b>	<b>(75.36)</b>	(121.66)
<b>EQUIVALENTS</b>		
Opening Balance of Cash and Cash Equivalents	106.65	228.31
Closing Balance of Cash and Cash Equivalents	31.29	106.65

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard, AS-3: Cash Flow Statements issued by the Institute of Chartered Accounts of India.

As Per our report of even date  
 For Rao Chowdary & Associates  
 Chartered Accountants  
 Firm Registration No. 014425S

For and on behalf of the Board

Sd/-  
**T. Venkateswara Rao**  
 Partner  
 Membership No. 023942

Sd/-  
**R K Agarwal**  
 Managing Director  
 & C.E.O

Sd/-  
**A K Agarwal**  
 Executive Director  
 & C.F.O

Place: Hyderabad  
 Date : 30-05-2017



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: BRIEF BACKGROUND

Suryajyoti Spinning Mills Ltd was incorporated in the year 1983 and has commenced operations from the year 1992. The company is into manufacture of Yarn and Fabric. The manufacturing facilities are located in four places in the district of Mahaboobnagar of Telengana State. The company's products include Cotton Yarn, Polyester Yarn and Bottom Weight Fabric.

### Note 2 :SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared to comply in all material aspects with the Accounting Standards Specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014, and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under historical Cost convention and on Accrual basis as a going concern concept.

#### 2.2 Use of estimate

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reported period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates as are recognized in the periods in which the results are known / materialize.

#### 2.3 Fixed Assets and Depreciation

**Tangible Assets** are stated at original cost less accumulated depreciation. Cost of acquisition is inclusive of all cost incidentals to acquisition, installation, commissioning and related pre-operative expenses and excluding recoverable taxes including interest paid on funds borrowed during construction period until the assets is put to commercial use.

The cost of the tangible asset will be adjusted after acquisition of such asset in accordance with increase or reduction in the liability of the company as expressed in Indian Currency for making payment towards the whole or a part of the cost of the asset or for repayment of the whole or part of monies borrowed by the company from any person directly or indirectly in any foreign currency specifically for the purpose of acquiring the asset (being in either case the liability existing immediately before the date on which the change in rate of exchange takes effect), the amount by which the liability is increased or reduced during the year shall be added to or as the case may be deducted from the cost, and the amount arrived at after such addition / deduction shall be taken to be the cost of the tangible asset.

**Intangible Assets** are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised. Intangible assets are amortised over the useful life of the underlying assets.

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) over the useful life of assets prescribed under Schedule II of Companies Act, 2013 except in case of weaving mills Plant and Machinery which are being depreciated over a period of useful life which is different from the period stated as per Schedule II, based on internal assessment and Independent Technical Evaluation.

#### 2.4 Capital work in progress

Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet for the cost of fixed assets that are not yet ready for their intended use. Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital work-in-progress".

**NOTES FORMING PART OF FINANCIAL STATEMENTS:****2.5 Impairment of Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined on the basis of value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in the carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

**2.6 Investments**

Long-term investments are stated at cost, less provision for permanent diminution in value. Current investments are stated at the lower of cost or market value.

**2.7 Borrowing Costs**

Borrowing cost relating to (i) funds borrowed for acquisition of qualifying fixed assets are capitalized till the date of commissioning and thereafter charged to the Statement of Profit and Loss and (ii) funds borrowed for other purposes are charged to the Statement of Profit and Loss in the period in which they are incurred.

**2.8 CENVAT**

CENVAT claimed on Capital Goods is credited to Plant & Machinery Account/Capital Work-in-Progress Account. CENVAT on purchases of Raw materials and other material is deducted from the cost of such materials.

**2.9 Inventories**

Inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. The valuations of various components of the Inventories are as under:

- I) Raw Materials are valued on Weighted Average basis; Stores, Spares and Consumables are valued at FIFO basis; and Cost includes applicable taxes, duties, transport and handling costs.
- II) Finished Goods are valued at cost or net realisable value whichever is lower. Cost is average cost and includes all material costs, direct and indirect expenditure.
- III) Work In Progress is valued at cost inclusive of Overheads.
- IV) Realisable Waste are valued at estimated net realisable value as the cost is not ascertainable.

**2.10 Leases**

Leases, where the lessor retains substantially all risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in statement of profit and loss on straight line basis over the lease term.

**2.11 Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the customer and is stated net of trade discounts, sales returns but include of Sale Tax.

**2.12 Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established. Export Incentives are accounted on accrual basis at the rates prevailing on the date of transaction and as specified in the Govt. policy.



## NOTES FORMING PART OF FINANCIAL STATEMENTS:

### 2.13 Retirement benefits:

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS 15 - Employee Benefits) notified under the Companies Act, 2013. Accordingly, the company has recognised the following three benefits.

#### i) Gratuity

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement or death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the company is an unfunded plan. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

#### ii) Provident Fund

In accordance with applicable local laws, eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contribute monthly at a determined rate. These contributions are either made to the respective Regional Provident Fund Commissioner or the Central Provident Fund under the state pension scheme and are expensed as incurred.

#### iii) Leave Encashment

The accrual for unutilised leave is determined for the entire available leave balances standing to the credit of the employees at the year end. The value of such leave balance eligible for carry forward, is determined at the yearend recognised in the statement of profit and loss. The company accounts for the liability on the basis of an independent actuarial valuation.

### 2.14 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year-end are restated at year-end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts has been recognized over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
- (iv) In respect of forward exchange contracts in the nature of hedging
  - a) Premium or discount and exchange differences on the contracts is amortized over the term of the contract
  - b) Exchange differences on the contract are recognized as profit or loss in the period in which they arise.
- (v) In respect of forward exchange contracts in the nature of speculation, the value of contract is marked to its current market value as at balance sheet and the gain or loss on contract is recognized.

### 2.15 Taxation

**Current Tax** is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.



## NOTES FORMING PART OF FINANCIAL STATEMENTS:

**Minimum Alternate Tax** paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT has been recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow for the company.

**Deferred tax** is recognised on timing differences, being the differences between the taxable income and the accounting incomes that originate in one period are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or subsequently enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities are set off if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

### 2.16 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

### 2.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 2.18 Provisions, contingent liabilities and contingent assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise Contingent Liability but disclose its existence in the Financial Statements.

A Contingent Asset is not recognized in the accounts as a matter of prudence.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 2.19 Provisions for bad and doubtful debts

The company reviews all the trade receivables, loans and advances and other receivables annually and makes provision every year on case by case basis.




**NOTES FORMING PART OF FINANCIAL STATEMENTS:**
**Note 3 : Share Capital**

(Figures in ₹ Lakhs)

Particulars	As at 31 March 2017		As at 31 Mar 2016	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10 each	25,000,000	2,500.00	25,000,000	2,500.00
10% Cumulative Redeemable Preference shares of Rs.100 each	2,000,000	2,000.00	2,000,000	2,000.00
	27,000,000	4,500.00	27,000,000	4,500.00
<b>Issued</b>				
Equity Shares of Rs.10 each	19,926,209	1,992.62	19,926,209	1,992.62
10% Cumulative Redeemable Preference shares of Rs.100 each	1,871,250	1,871.25	1,871,250	1,871.25
	21,797,459	3,863.87	21,797,459	3,863.87
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.10 each	19,656,164	1,965.62	19,656,164	1,965.62
10% Cumulative Redeemable Preference shares of Rs.100 each	1,871,250	1,871.25	1,871,250	1,871.25
	21,527,414	3,836.87	21,527,414	3,836.87
<b>Forfeited Shares :</b>		1.60		1.60
<b>Total</b>	21,527,414	3,838.47	21,527,414	3,838.47

**NOTES:**
**i) Reconciliation of number and amount of Shares at the beginning and end of reporting period.**

Particulars	Equity Shares			
	Number	Rs In Lakhs	Number	Rs In Lakhs
Shares outstanding at the beginning of the year	19,656,164	1,965.62	19,656,164	1,965.62
Shares Issued during the year	-	-	-	-
Shares redeemed / bought back during the year	-	-	-	-
Shares outstanding at the end of the year	19,656,164	1,965.62	19,656,164	1,965.62
Particulars	Preference Shares			
	Number	Rs In Lakhs	Number	Rs In Lakhs
Shares outstanding at the beginning of the year	1,871,250	1,871.25	1,871,250	1,871.25
Shares Issued during the year	-	-	-	-
Shares redeemed / bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,871,250	1,871.25	1,871,250	1,871.25

**ii) Details of Share held by each member holding more than 5% of Shares in the Company**

Name of Shareholder	As at 31 March 2017		As at 31 Mar 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>A. EQUITY</b>				
Ravinder Kumar Agarwal	2,231,086	11.35	2,231,086	11.35
Arun Kumar Agarwal	2,125,600	10.81	2,125,600	10.81
Neha Agarwal	1,365,500	6.95	1,365,500	6.95
Vijaylatha Jain	1,248,900	6.35	1,248,900	6.35
APMS Investment Fund Limited	1,036,608	5.27	1,036,608	5.27
<b>B PREFERENCE</b>				
Ayyappa Roler Floor Mills Ltd	1,000,000	53.44	1,000,000	53.44
Suryajyoti Infotech Ltd	564,250	30.15	564,250	30.15
Papal Exim India Ltd	164,000	8.76	164,000	8.76
Arun Kumar Agarwal	106,000	5.66	106,000	5.66



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**iii) Rights, preferences and restrictions attached to Equity Shares:**

The company has one class of equity shares having a par value of Rs.10 each. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the annual general meeting except in the case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by them.

**iv) Rights, preferences and restrictions attached to Preference Shares:**

The company has one class of preference shares called Cumulative Redeemable Preference Shares having a par value of Rs.100 each with a fixed dividend rate of 10% pa with cumulative rights to the dividend. The holders are eligible to vote on all the resolutions of the company at General Meetings, in case the dividend is in arrear for not less than two years as on the date of the meeting. The holders will be preferential right to the paid up capital and arrears of dividend over the equity holders, in case of winding up the company. The shares are redeemable at par on the due date as mentioned below by giving three months notice of redemption by the Board of Directors of the company.

**Details of Non Convertible Cumulative Redeemable Preference Shares are as under**

Nature	Amount (Rs. in Lakhs)	Date of Issue	Date of Redemption
10% Cumulative Redeemable Preference Shares of Rs.100/- Each	564.25	30-Mar-2011	29-Mar-2021
- Do -	1000.00	09-Nov-2012	08-Nov-2022
- Do -	307.00	13-Nov-2014	12-Nov-2029

**Note 4 : Reserves & Surplus :**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>a. State Subsidy</b>		
At the commencement of the year	15.00	15.00
Closing Balance	15.00	15.00
<b>b. Securities Premium Account</b>		
At the commencement of the year	2,260.49	2,260.49
Closing Balance	2,260.49	2,260.49
<b>c. Capital Reserve</b>		
At the commencement of the year	17.50	17.50
Closing Balance	17.50	17.50
<b>d. General Reserve</b>		
At the commencement of the year	754.14	754.14
Closing Balance	754.14	754.14
<b>e. Surplus</b>		
At the commencement of the year	(1,627.69)	480.04
Add : For the current year	(12,905.54)	(2,107.73)
Less : Depreciation adjusted	-	-
Closing Balance	(14,533.23)	(1,627.69)
<b>Total</b>	<b>(11,486.10)</b>	<b>1,419.44</b>


**NOTES FORMING PART OF FINANCIAL STATEMENTS:**
**Note 5 : Long Term Borrowings**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>A. Long Term Borrowings :</b>		
<b>Secured</b>		
<b>(i) Rupee Term loans - From Banks</b>		
<b>State Bank of India</b>		
(a) Term Loan - 2 TUF Scheme -I	-	1,592.50
(b) Term Loan - 3 TUF Scheme -I	-	1,848.51
(c) Term Loan - 4 (Working Capital Term Loan )	-	673.60
(d) Term Loan - 5 (Priority Debt Loan )	-	426.90
<b>State Bank of Hyderabad</b>		
(e) Term Loan - 1 TUF Scheme -I	-	1,772.95
(f) Term Loan - 2 (Working Capital Term Loan	-	134.24
(g) Term Loan - 3 (Priority Debt Loan )	-	142.64
<b>IDBI Bank Ltd.,</b>		
(h) Term Loan - 1 TUF Scheme - I	-	284.56
(i) Term Loan - 2 TUF Scheme - I	-	497.20
(j) Term Loan - 3	-	300.00
(k) Term Loan - 4 (Working Capital Term Loan )	-	156.22
(l) Term Loan - 5 (Priority Debt Loan )	-	136.64
<b>Indian Overseas Bank Ltd.,</b>		
(m) Term Loan - 1	-	455.34
(n) Term Loan - 2 TUF Scheme -II	-	838.27
(o) Term Loan - 3 (Priority Debt Loan )	-	139.46
(p) Term Loan - 4 (ECB Conversion Loan )	-	-
<b>(ii) Foreign Currency Loans :</b>		
(a) Indian Overseas Bank - ECB	-	-
<b>(iii) Vehicle Hire Purchase Loans :</b>	-	2.05
<b>Total</b>	-	9,401.08

**NOTES:**

- The Primary security for the loans mentioned at (i) above is Pari-passu 1st charge on the entire fixed assets of the company, both present and future, situated at the four locations of the factories. Further secured by Pari-Passu 2nd charge on the entire Current Assets of the company along with other Lenders.
- The Collateral security for the loans mentioned at (i) above are a ) Pledge of shareholding of the promoters in the company of 76,11,397 equity shares on pari-passu basis along with other Lenders; b) EM of commercial property belonging to the relatives of the Promoters on Pari-Passu basis along with other Lenders.
- The loans mentioned at (i) above are further secured by way of Personal Guarantee of three Directors of the company and by five of the relative of the Promoters. These are further secured by Corporate Guarantees of two of the group companies.
- The Loans at (i) (b) and (e) are further secured by pledge of 500,000 equity shares of the company held by the Promoters on exclusive basis to SBI and SBH.
- The Loans at (i) (m) (n) (o) and (p) are further secured by way of exclusive charge in respect of open land and commercial property belonging to the relatives of the Directors of the company.



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

6. The ECB loan mentioned in (ii)(a) is converted into Rupee Term Loan.
7. The company has taken vehicle loans from NBFC's for Rs.32.82 lakhs under hypothecatin scheme. These loans are repayable in 36 monthly instalments including interest. The last instalment was due on Sep-2016. The loan is secured by way of hypothecation of the respective vehicle acquired and further guaranteed by one of the Director of the company.
8. All the loan accounts with SBI,SBH, IDBI and IOB have become Non Performing due to non payment of interest and Principle dues. The respective Banks have initiated recovery action under section 13(2) of SARFASEI Act 2002 demanding the full amount and accordingly the total dues have been shown under Current Maturities.

**Note 6 : Other Long Term Liabilities**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Unsecured Loan from Promoters and Associates	<b>1,033.00</b>	1,033.00
Unsecured Loan from Corporate Bodies	<b>436.00</b>	436.00
Deferred Sales Tax Liability	<b>591.03</b>	706.69
ROR Amount Payable (CDR) (Refer Note No.28.16)	-	604.98
<b>Total</b>	<b>2,060.03</b>	2,780.67

**Notes:**

1. The Unsecured Loans from Promoters, Associates and Corporate are in compliace with the stipulations of Banks at the time of approval of CDR restructuring. These unsecured loans does not carry any interest and are sub servent to Bank loans to the extent of Rs.989 lakhs.
2. The ROR amount represents the differential interest amount payable to the Banks as on 31 Mar 2015 in terms of the CDR scheme sanctioned. This amount is payable at the end of the CDR period if the banks raise demand. As the loan accounts have became NPA and exited from CDR, the provison of earlier years has been reversed.
3. The company had availed interest free Sales Tax Deferment Loan from Government of Andhra Pradesh on Burgul unit Original and availing on Burgul unit Expansion Scheme. The Sales Tax Deferment loan shown under Unsecured Loans indicates sales tax collected under deferral scheme and is payable at the end of 10 th year in respect of Burgul unit original and is payable at the end of 14th year in respect of Burgul unit expansion. The same is repayable as under:

Year of Payment	Amount (Rs in Lakhs)
2018-2019	137.10
2019-2020	160.44
2020-2021	199.14
2021-2022	74.87
2022-2023	11.78
2023-2024	7.71
<b>TOTAL</b>	<b>591.03</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**Note 7: Long Term Provisions**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>(a) Provision for employee benefits</b>		
Gratuity (Refer Note No.28.10 (b))	<b>160.37</b>	154.88
Earned Leaves (Refer Note No.28.10 (c))	<b>33.13</b>	36.49
<b>Total</b>	<b>193.50</b>	191.37

**Note 8 : Short Term Borrowings**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>Secured</b>		
<b>Loans repayable on demand from banks</b>		
i) State Bank of India - Cash Credit	<b>9,557.76</b>	9,542.64
ii) State Bank of Hyderabad - Cash Credit	<b>2,375.23</b>	2,288.25
iii) IDBI Bank Ltd - Cash Credit	<b>2,672.36</b>	2,236.44
<b>Total</b>	<b>14605.35</b>	14,067.33

**NOTES:**

1. The Primary security for the loans mentioned above is Pari-passu 1st charge on the entire current assets of the company, both present and future, situated at the four locations of the factories. Further secured by Pari-Passu II nd charge on the entire Fixed Assets of the company along with other Lenders.
2. The Collateral security for the loans mentioned above are a) Pledge of shareholding of the promoters in the company of 76,11,397 equity shares on pari-passu basis along with other Lenders; b) EM of commercial properties belonging to the relatives of the Promoters on Pari-Passu basis for SBI and SBH.
3. The loans mentioned above are further secured by way of Personal Guarantee of three Directors of the company and by five of the relative of the Promoters. These are further secured by Corporate Guarantees of two of the group companies.
4. The Loan of SBI is further secured by way of exclusive charge on the non-agricultural land belonging to one of the Director of the company.
5. All the loan accounts with SBI,SBH, IDBI and IOB have become Non Performing due to non payment of interest and Principle dues. The respective Banks have initiated recovery action under section 13(2) of SARFASEI Act 2002 demanding the full amount.

**Note 9 : Trade Payables**

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Micro, Small and Medium Enterprises (Refer Note No.28.8)	<b>12.17</b>	15.96
Others ( Refer Note No.28.9)	<b>4,540.89</b>	5,810.55
<b>Total</b>	<b>4,553.06</b>	5,826.51


**NOTES FORMING PART OF FINANCIAL STATEMENTS:**
**Note 10 : Other Current Liabilities**

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(a) Current maturities of long-term debt		
<b>(I) Rupee Term loans</b>		
<b>From Banks</b>		
<b>State Bank of India</b>		
Term Loan - 2 TUF Scheme -I	1,930.27	398.21
Term Loan - 3 TUF Scheme -I	2,309.65	539.00
Term Loan - 4 (Working Capital Loan )	862.81	189.21
Term Loan - 5 (Priority Debt Loan )	616.70	189.80
<b>State Bank of Hyderabad</b>		
Term Loan - 1 TUF Scheme -I	2,140.02	442.80
Term Loan - 2 (Working Capital Loan )	165.29	32.40
Term Loan - 3 (Priority Debt Loan )	196.37	57.12
<b>IDBI Bank Ltd.,</b>		
Term Loan - 1 TUF Scheme -I	322.12	73.13
Term Loan - 2 TUF Scheme -I	562.50	126.78
Term Loan - 3	522.21	443.13
Term Loan - 4 (Working Capital Loan )	-	37.59
Term Loan - 5 (Priority Debt Loan )	172.01	56.04
<b>Indian Overseas Bank Ltd.,</b>		
Term Loan - 1	566.11	93.24
Term Loan - 2 TUF Scheme - II	1,081.83	271.73
Term Loan - 3 (Priority Debt Loan )	215.04	64.48
Term Loan - 4 (ECB conversion Loan )	671.04	613.93
<b>(ii) Vehicle Hire Purchase Loans :</b>	3.31	6.70
	<b>12,337.28</b>	<b>3,635.29</b>
(b) Interest accrued but not due on borrowings	-	64.48
(c) Creditors for Capital Purchases	16.96	17.04
(d) Other payables	2,261.48	1,256.41
(e) Other payables - Statutory dues	348.41	245.31
(f) Advances received against sales	1,245.17	2,785.50
(g) Sales tax deferment payable	354.42	238.76
<b>Total</b>	<b>16,563.72</b>	<b>8,242.79</b>

**Note 11 : Short Term Provisions**

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>(a) Provision for employee benefits</b>		
Gratuity (Refer Note No.28.10 (b))	23.23	24.48
Earned Leaves (Refer Note No.28.10 (c))	6.50	6.38
<b>Total</b>	<b>29.73</b>	<b>30.86</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**Note 12 : Fixed Assets**

(Figures in Rs. Lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 April 2016	Balance as at 31 Mar 2017	Disposals	Balance as at 1 April 2016	for the year	Balance as at 31 Mar 2017	Balance as at 31 Mar 2017	Balance as at 31 Mar 2016
<b>a</b>								
<b>Tangible Assets</b>								
Land	384.43	384.43	-	-	-	-	384.43	384.43
<b>Buildings :</b>								
Factory Buildings	3,397.77	3,397.77	-	1,036.62	105.12	1,141.74	2,256.03	2,361.16
Non-Factory Buildings	3,219.26	3,219.26	-	434.40	50.95	485.35	2,733.91	2,784.86
Township	-	-	-	-	-	-	-	-
<b>Plant and Equipment :</b>								
Workshop Equipment	79.31	79.31	-	52.66	8.38	61.04	18.27	26.65
Plant and Machinery	28,452.33	28,452.32	-	13,508.48	1072.40	14,580.88	13,871.45	14,943.84
Caustic Recovery Plant	143.96	143.96	-	56.22	10.72	66.94	77.02	87.74
Testing Equipment	250.42	250.41	-	175.49	28.90	204.39	46.02	74.93
Electrical Installations	1,406.03	1,406.03	-	985.92	118.26	1,104.18	301.85	420.11
Weighing Machines	21.81	21.81	-	13.92	2.16	16.08	5.73	7.88
Water Works	52.99	52.99	-	36.96	4.56	41.52	11.47	16.02
Effluent Treatment Plant	509.23	509.23	-	159.66	37.66	197.32	311.91	349.57
Furniture and Fixtures	138.71	138.71	-	119.29	4.91	124.20	14.51	19.43
Vehicles	323.24	323.24	-	243.19	23.49	266.68	56.56	80.05
Data Processing Equipment	120.57	120.57	-	112.38	1.75	114.13	6.44	8.19
<b>Total</b>	<b>38,500.05</b>	<b>38,500.05</b>	<b>-</b>	<b>16,935.19</b>	<b>1,469.26</b>	<b>18,404.45</b>	<b>20,095.60</b>	<b>21,564.86</b>
<b>b</b>								
<b>Capital Work In Progress</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Total (a+b)</b>	<b>38,500.05</b>	<b>38,500.05</b>	<b>-</b>	<b>16,935.19</b>	<b>1,469.26</b>	<b>18,404.45</b>	<b>20,095.60</b>	<b>21,564.86</b>
Previous Year	38,643.52	38,427.22	519.50	13,653.89	1,618.28	15,272.17	23,155.05	24,989.63



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**Note 13 : Non-current Investments**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>At Cost - Non-Trade - Unquoted : Investment in Equity instruments</b> 2600 Equity shares @ Rs.10 each in Regent Clothing (P) Ltd.,	<b>0.26</b>	0.26
<b>Total (A)</b>	<b>0.26</b>	20.76
(Aggregate amount of unquoted investments - Rs.26,000)		

**Note 14 : Long Term Loans and Advances**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
<b>a. Deposits Recoverable</b> (Unsecured considered good)	<b>619.06</b>	551.61
<b>b. Security Deposit</b> (Secured, considered good)	<b>0.12</b>	0.12
<b>Total</b>	<b>619.18</b>	551.73

**Note 15 : Inventories**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(As Valued and certified by the Management)		
a. Raw Materials \$	<b>225.64</b>	562.71
b. Stores and spares	<b>1,004.11</b>	2,367.39
c. Finished goods	<b>1,938.67</b>	2,965.47
d. Work-in-progress	<b>148.41</b>	4,919.24
e. Realisable Waste	<b>1.39</b>	2.90
<b>Total</b>	<b>3,318.22</b>	<b>10,817.71</b>

\$ Break up of Raw Material :

Cotton	<b>38.25</b>	91.89
Polyster Staple Fibre	<b>64.11</b>	44.92
Viscose Staple Fibre	-	0.20
Yarn	<b>4.93</b>	191.83
Grey Fabric	<b>118.35</b>	233.87
<b>Total</b>	<b>225.64</b>	562.71




**NOTES FORMING PART OF FINANCIAL STATEMENTS:**
**Note 16 : Trade Receivables**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Receivables for a period exceeding six months (Unsecured, considered good) (Net of Provisions for Doubtful Debts (Refer Note No. 28.9)	2,480.84	260.95
Receivables for a period less than six months (Unsecured, considered good) (Refer Note No.28.9)	590.47	7,211.27
<b>Total</b>	<b>3,071.31</b>	<b>7,472.22</b>

**Note 17 : Cash and Cash equivalents**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
a. Cash on hand	9.94	4.27
b. Balances with Banks With Scheduled Banks	21.34	51.92
c. Balance with Banks against Dividends payments	-	-
d. Balance with Banks towards Margin Money	-	50.46
<b>Total</b>	<b>31.28</b>	<b>106.65</b>

**Note 18 : Short-term loans and advances**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(Unsecured considered good)		
a. Advances for Capital purchases	100.19	100.02
b. Advances for purchases of Raw Material & Stores	1,807.53	2,302.30
c. Advances to Staff	75.19	40.71
d. Other Advances	199.45	472.61
<b>Total</b>	<b>2,182.36</b>	<b>2,915.64</b>

**Note 19 : Other Current Assets**

(Figures in ₹ Lakhs)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Incentives Receivables	288.40	1,499.44
Pre-paid expenses	11.12	15.25
Excise Duty Refund Receivable	1.60	27.44
Balance With Central Excise Department	36.85	37.03
Accrued interest	70.02	69.32
Advance Tax ( Net of Provision for Tax)	631.56	720.97
<b>Total</b>	<b>1,039.55</b>	<b>2,369.45</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**Note 20 : Revenue from Operations**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Yarn	9,527.20	19,913.83
Fabric	2,677.01	15,490.24
Waste	285.22	598.33
Conversion Charges	130.67	189.25
<b>Total Gross Sales</b>	<b>12,620.10</b>	<b>36,191.65</b>
<u>Less:</u>		
Excise duty (Refer Note No.28.12)	0.01	-
<b>Total Net Sales</b>	<b>12,620.09</b>	<b>36,191.65</b>

**Note 21 : Other Income**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Interest Income	48.74	123.75
Export Incentives	88.98	531.51
Miscellaneous Income	67.74	39.54
<b>Total</b>	<b>205.46</b>	<b>694.80</b>

**Note 22 : Cost of materials consumed**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Opening Stocks	562.70	973.50
Add : Purchases	8,292.51	19,491.67
	<b>8,855.21</b>	<b>20,465.17</b>
Less : Cost of Raw materials sold	349.59	42.94
Less : Closing Stocks	225.64	562.70
<b>Total Cost of materials consumed :</b>	<b>8,279.98</b>	<b>19,859.53</b>

**Notes :**

**1. Break up of Raw Material Consumed :**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Cotton	3,108.00	6,757.85
Polyster Staple Fibre	4,759.81	8,081.50
Viscose Staple Fibre	125.95	1.99
Yarn	49.30	1,357.19
Grey Fabric	236.92	3,661.00
<b>Total :</b>	<b>8,279.98</b>	<b>19,859.53</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

(Figures in ₹ Lakhs)

**2. Percentage of Imported and Indigeneous Raw Materials consumed :**

Indigeneous	100.00%	8,279.98	100.00%	19,859.53
Imported	0.00%	-	0.00%	-
<b>Total :</b>	<b>100.00%</b>	<b>8,279.98</b>	<b>100.00%</b>	<b>19,859.53</b>

**Note 23 : Changes in inventories**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
<b>(INCREASE)/DECREASE IN STOCKS</b>		
<b>OPENING STOCKS:</b>		
Yarn	1,359.78	676.79
Fabric	1,605.69	3,147.02
Work-in-process	4,919.24	5,397.75
Realisable Waste	2.90	1.55
	<b>7,887.61</b>	<b>9,223.11</b>
<b>CLOSING STOCKS:</b>		
Yarn	1,828.88	1,359.78
Fabric	109.78	1,605.69
Work-in-process	148.41	4,919.24
Realisable Waste	1.39	2.90
	<b>2,088.46</b>	<b>7,887.61</b>
<b>(INCREASE)/DECREASE IN STOCKS</b>	<b>5,799.15</b>	<b>1,335.50</b>

**Note 24 : Employee Benefits Expense**

(Figures in Rs. Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
(a) Salaries, Wages and Bonus.	1,776.45	2,692.10
(b) Contributions to Funds	53.32	111.11
(c) Gratuity	9.15	45.70
(d) Staff welfare expenses	115.45	173.88
<b>Total</b>	<b>1,954.37</b>	<b>3,022.79</b>

**Note 25 : Finance Costs**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended at 31-Mar-2016
Interest on Term Loans (Refer Note 28.15)	457.65	1,163.07
Interest on Working Capital Loan (Refer Note 28.15)	77.26	1,116.55
Other Financial Charges	250.20	908.27
Less : ROR Reversed (Refer Note No. 28.16)	(604.98)	-
<b>Total</b>	<b>180.13</b>	<b>3,187.89</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**Note 26 : Other Expenses**

(Figures in ₹ Lakhs)

Particulars		Year Ended 31-Mar-2017		Year Ended 31-Mar-2016
Stores Consumed		1,997.59		2,429.22
Power & Fuel		2,443.11		4,544.99
Processing & Conversion Charges		-		23.77
Repairs to : Buildings	1.15		5.28	
Machinery	1.65		7.73	
Other Assets	10.84	13.64	28.01	41.02
Stabilisation and Testing Charges		0.16		11.42
ETP Maintenance		10.45		31.95
Rent		0.04		6.05
Security Charges		41.18		57.74
Rates & Taxes		173.69		311.37
Printing & Stationery		5.70		28.50
Postage, Telegrams & Telephones		19.26		36.14
Travelling & Conveyance		25.41		189.20
Commission on Sales		33.67		75.71
Expenses on Sales		245.05		582.75
Managerial remuneration		-		80.24
Directors' Sitting fees		0.10		0.38
Insurance		26.92		48.78
Advertisements		0.54		1.01
Payment to Auditors (Refer Note No.28.5)		10.35		2.18
Cost Audit Fee		0.19		0.19
Legal & Professional Charges		23.26		31.75
Vehicle Maintenance		31.28		56.74
Miscellaneous Expenses		35.72		66.10
Donations		0.48		1.18
Expenses relating to earlier years		0.11		18.24
Loss on sale of Raw Material		100.83		0.61
Exchange Variance (Net)		-		6.37
Provision for Doubtful Debts (Refer to No.28.9)		2,468.30		-
<b>Total</b>		<b>7,707.03</b>		<b>8,683.60</b>

**Notes:**

1. Stores & Spare parts consumption :	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Consumable Stores	407.96	719.70
Dyes and Chemicals	962.19	1,126.06
Coating and Pigments	251.93	111.13
Packing Material Consumed	375.51	472.33
	<b>1,997.59</b>	<b>2,429.22</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

**2. Percentage of Imported and Indigeneous Stores & spare parts consumption :**

Indigeneous	<b>98.91%</b>	<b>1,975.81</b>	97.45%	2,367.16
Imported	<b>1.09%</b>	<b>21.78</b>	2.55%	62.06
<b>Total :</b>	<b>100.00%</b>	<b>1,997.59</b>	100.00%	2,429.22

**Note 27 : Earning Per Share (EPS)**

(Figures in ₹ Lakhs)

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Net Profit after tax as per statement of Profit & Loss attributable to equity share holders	<b>(12,905.54)</b>	(2,107.75)
Weighted average Number of Equity Shares used as Denominator for Calculating <b>EPS</b>	<b>19,656,164</b>	19,656,164
Basic & Diluted Earning Per Share (Rs.)	<b>(65.66)</b>	(10.72)
Face Value per Equity Share (Rs.)	<b>10.00</b>	10.00

**28. OTHER DISCLOSURES**

**28.1 Contingent Liabilities not provided for**

(Rs.in lakhs)

Particulars	Amount	Amount
(a) Arrears of Preference Dividend	<b>851.27</b>	664.15
(b) Claims against the company	<b>120.64</b>	120.64
	<b>971.91</b>	502.52

Notes:

- The Company has purchased HSD and FO from Bharat Petroleum Corporation Ltd from 1997-98 onwards against c form. However, BPCL has subsequently raised demand for additional tax amounting to Rs.12.71 lakhs on the basis that HSD cannot be purchased against C form and filed a case in the Court for recovery of the same. The case is still not disposed off by the Honorable Court as at the date of Balance Sheet.
- The Electrical Inspectorate of Govt. of Andhra Pradesh has raised a demand for Rs.12.78 lakhs for payment of Electricity Duty at the rate of 0.25 paise per every unit of power generated and used for captive purposes as per the provisions of Andhra Pradesh Electricity Act, 1939 in the year 2004. The company has made an appeal for waiver of the same and also deposited an amount of Rs.6.34 lakhs under protect. Further, the company has filed a petition in the High Court of AP in 2012 and the matter is still pending as on the date of Balance Sheet.
- The company's vehicle was involved in an accident resulting in death of a milk vendor in the year 2009. The vendor has filed a case against the company and Insurance Company. The Insurance Tribunal has awarded a compensation of Rs.3.32 Lakhs to be paid by both company and Insurance company. The Vendor has approached the HC for higher compensation and is pending as on balance sheet date.
- During the financial year, Company purchased power from Power Exchange for its units at Mahaboobnagar District, Telangana. TSERC imposed Cross subsidy to be paid on power drawn from Power Exchange at the rate of Rs.1.29 per unit. Hon'ble High Court of Telangana has stayed the same and limited such imposition to Rs.0.30 per unit. The Company has been advised that the liability on



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

account of differential Cross subsidy of Rs.0.99 per unit on power drawn from power exchange may not arise and the estimated liability on this account is Rs.91.83 lakhs.

**28.2 Capital commitments**

Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.Nil (Previous Year Rs. Nil).

**28.3 Foreign Currency Transactions**

Particulars	31 March 2017 Amount	31 March 2016 Amount
<b>CIF Value of Imports</b>		
(a) Raw Material/stores	21.78	62.06
<b>Foreign Exchange Inflows</b>		
(a) Sale of Finished Goods (FOB Value)	1704.00	10231.11
<b>Foreign Exchange Outflows</b>		
(a) Travelling Expenses	-	18.46
(b) Commission on Exports	-	20.56
(c) Interest Paid	-	19.30
(d) Repayment of Loans	-	401.95

**28.4 Related parties disclosure**

**(a) Name of the related parties and description of the related parties**

Name of the Related Parties	Nature of Relationship
R K Agarwal	Key Managerial Personnel
A K Agarwal	Key Managerial Personnel
Neha Agarwal	Key Managerial Personnel
Umabhai Agarwal	Relative of KMP
Suryajyoti Infotech Ltd	Enterprises in which KMP has significant influence

**(b) Transactions during the year with related parties**

Nature of Transactions	31 March 2017 (Rs. In lacs)			31 March 2016 (Rs. In lacs)		
	KMP	Others	Total	KMP	Others	Total
Unsecured Loans	-	-	-	400.00	-	400.00
Purchases	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Rent	-	-	-	-	6.00	6.00
Remuneration	-	-	-	82.99	-	82.99

**(c) Balances with Related Parties as on 31 Mar 2017**

Particulars	31 March 2017 (Rs. In lacs)			31 March 2016 (Rs. In lacs)		
	KMP	Others	Total	KMP	Others	Total
Investments	-	-	-	-	-	-
Unsecured Loans	400.00	-	400.00	400.00	-	400.00
Outstanding Exp	109.96	1.20	111.16	60.97	2.00	62.97



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

- (d) The transactions with related parties have been entered at amounts which are not materially different from those on normal commercial terms.

**28.5 Remuneration to statutory auditors (Exclusive of Service Tax)**

Particulars	For the year ended 31 March 2017 (Amount Rs)	For the year ended 31 March 2016 (Amount Rs)
(a) Statutory Audit Fees	600,000	1,00,000
(b) Tax Audit Fees	300,000	30,000
(c) Certification fees	-	60,000
<b>Total</b>	<b>900,000</b>	<b>1,90,000</b>

- 28.6** No provision is made in respect of Deferred Tax asset and Liability during the year. As the company has incurred losses during the year and is having substantial brought forward losses and unabsorbed depreciation and as there is uncertainty of sufficient future taxable income which may be available for its realization. The deferred tax asset with reference AS22 issued by ICAI is thus is not considered as a matter of prudence.
- 28.7** Payment of Excise Duty on sales is taken into consideration on removal of goods and consequently no Excise Duty is provided on the closing stock of inventories and corresponding liability. There is no effect on profit or loss.
- 28.8** The information with regard to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the company. Accordingly, the trade payables include Rs.12.17 lakhs (previous year Rs.15.96 Lakhs) due to them for a period exceeding 30 days and the company has not provided any interest for the delay in payments as the company is in the process of settling the dues with the parties amicably.
- 28.9** The Debtors and Creditors balances at the yearend are subject to confirmation from various parties in majority of the cases. The company has sought the confirmation letter from the Parties and the company is pursuing with the Debtors and Creditors on a continuous basis and hopeful of getting the confirmations in due course of time. Based on the above, during the year, the company has identified some balances as doubtful of recovering and accordingly made a provision of Rs.2468.30 Lakhs for bad and doubtful debts.

**28.10 Employee Benefits :**

**a. Provident Fund**

The company makes provident fund to defined contribution plans for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll costs to the fund the benefits. The company recognised Rs.41.69 lakhs during the year (Previous year Rs.86.67 lakhs) for Provident Fund contributions in the statement of Profit and Loss. The contribution payable to these plans by the company are at the rates specified in the rules of the scheme.

**b. Gratuity**

The company offers Gratuity (unfunded) to employees under defined benefit plan. Accordingly, the gratuity liability has been provided based on actuarial valuation as per the Accounting Standard as detailed below.



**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
<b>Profit &amp; Loss Account</b>		
Current Service Cost	22.44	22.19
Interest Cost on benefit obligation	13.98	11.94
Expected return on plan assets	NIL	NIL
Net Actuarial (gain) Loss recognized in the year	(27.27)	(2.30)
Past services cost	NIL	NIL
Net Benefit Expenses	9.15	31.83
<b>Balance Sheet</b>		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	179.36	148.98
Interest cost	13.98	11.94
Current services cost	22.44	22.19
Benefits paid	(4.91)	(1.45)
Actuarial (gains) / Losses on obligation	(27.27)	(2.30)
Closing defined benefit obligation	183.60	179.36
Assumptions		
Salary Rise	5%	5%
Attrition rate	7%	7%
Discount rate	6.8%	7.8%

**c. Earned Leave**

The company offers Earned Leave (unfunded) to employees under defined benefit plan. The company has been providing the accrual for unutilized leave is determined for the entire available leave balances standing to the credit of the employees at the year end. From this year onwards, the company has accounted the liability on actuarial valuation basis as per the Accounting Standard as detailed below. Accordingly, the value of such leave balance eligible for carry forward, is determined by actuarial valuation at the year-end and recognised in the statement of profit and loss as detailed hereunder.

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	42.87	65.32
Current services cost	(3.24)	(22.45)
Benefits paid	(9.29)	(1.87)
Actuarial (gains) / Losses on obligation	6.05	(20.58)
Closing defined benefit obligation	39.63	42.87
Assumptions		
Salary Rise	5%	5%
Attrition rate	7%	7%
Discount rate	6.8%	7.8%

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

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





**NOTES FORMING PART OF FINANCIAL STATEMENTS:**

(Figures in Rs. Lakhs )

Particulars	SBN's	Other denomination notes	Total
Closing Cash in Hand as on 08.11.2016	10.00	0.13	<b>10.13</b>
(+) Withdrawal from Bank accounts	—	2.90	<b>2.90</b>
(+) Permitted Receipts	8.80	0.96	<b>9.76</b>
(-) Permitted Payments	—	2.54	<b>2.54</b>
(-) Amount deposited in banks	18.80	1.20	<b>20.00</b>
Closing Cash in hand as on 30.12.2016	—	0.25	<b>0.25</b>

**28.12 Central Excise applicability**

Vide Notifications No. 29 &30 of 2004 of the Central Excise Department, we can opt for zero rate of duty by not taking Cenvat credit on Inputs or for payment of duty on Final products by taking credit on inputs and capital items. Accordingly, in case of 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 raw material which are used for production of polyester yarn meant for export and cleared the material for export on payment of duty.

**28.13** The company has purchased certain equipment in the year 2009 from Global Enviro Air Systems P Ltd for its Kucherkal division valuing Rs.10.77 Lakhs. However, the suppliers could not commission the equipment as per the specifications and we could not utilize the same. Accordingly, we have not released payment even though we had accounted the liability in that year. The supplier has filed a recovery suit in the year 2010 and is pending as on date.

**28.14** The company has purchased certain Boiler chemicals from M/s.Sri Ranganatha Associates, Hyderabad during the FY 2015-16. However, these chemicals were defective and hence the company has not released the payment to the supplier even though we had accounted the liability in that year. The supplier has filed a recovery suit in the year 2016 and is pending as on date.

**28.15** All the loan accounts with SBI,SBH, IDBI and IOB have become Non Performing due to non payment of interest and Principle dues. The respective Banks have initiated recovery action under section 13(2) of SARFASEI Act 2002 demanding the full amount. Hence, no provision for Interest, penal Interest, additional interest etc., has been made in the Accounts for the period post the accounts had become NPA in the books of Banks. The liability in this regard is estimated at Rs.53.92 cr as per the demand notices received from respective Banks under section 13(2) of SARFASEI Act. 2002.

**28.16** Similarly, the ROR amount represents the differential interest amount payable to the Banks as on 31 Mar 2015 in terms of the CDR scheme sanctioned. This amount is payable at the end of the CDR period if the banks raise demand. As the loan accounts have become NPA and the company exited from CDR, the provision of earlier years has been reversed.

**28.17** Over the last few years, the Company has been incurring losses and as at March 31, 2017 the accumulated losses amounting to Rs. 11486.10 lakhs (31st March, 2016 Rs. 1419.44 lakhs) have completely eroded the net worth and, its current liabilities exceeded the current assets as on that date. The Textile Companies have been facing financial difficulties on account of Lower margins and high finance cost.

Owing to the complete erosion of the net-worth of the Company, the Board of Directors, in their meeting held on 07-11-2016 decided to make a reference under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) to the Board for Industrial and Financial Reconstruction (BIFR) and obtained approval of the members in their Extraordinary general meeting held on 29-11-2016. Consequent to the repeal of SICA w.e.f. December 1, 2016, the case filed by the Company under the BIFR stands abated.



The financial statements have been prepared on a going concern basis, based on a Comfort letter provided by the promoters for continued support to the Company to meet its financial obligations, in order to enable the Company to continue its operations in the foreseeable future.

**28.18** The previous year figures are re-arranged and/or re-grouped wherever necessary.

As Per our report of even date  
For Rao Chowdary & Associates  
Chartered Accountants  
Firm Registration No. 014425S

Sd/-  
**T. Venkateswara Rao**  
Partner  
Membership No. 023942

Place: Hyderabad  
Date : 30-05-2017

For and on behalf of the Board

Sd/-  
**R K Agarwal**  
Managing Director  
& C.E.O

Sd/-  
**A K Agarwal**  
Executive Director  
& C.F.O



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**SURYAJYOTI SPINNING MILLS LIMITED**

CIN : L18100TG1983PLC003961

Regd. Office: Burgul Village, Farooqnagar Mandal, Mahabubnagar Dist - 509202, Telangana  
Corp. Office: 7<sup>th</sup> Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500 003, Telangana

**ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I/We hereby record my/our presence at the **34<sup>th</sup> ANNUAL GENERAL MEETING** of the Company, to be held on Friday, the 29<sup>th</sup> day of September 2017 at 11.30 a.m. at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509202, Telangana and at any adjournment thereof.

Signature of the Shareholder(s)/Proxy's : \_\_\_\_\_

Shareholders/Proxy's Full Name (In Block Letters): \_\_\_\_\_

Folio No./Client ID : \_\_\_\_\_

No. of Shares Held : \_\_\_\_\_

**Notes:**

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip/Proxy from as the case may be meeting and handover at the entrance duly signed.
2. Shareholder/Proxy holder attending the meeting should bring his copy of the Annual Report for reference at the meeting.
3. A Proxy need not be a member of the company.
4. In case of joint holders, the vote of the senior who tends a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

**Form No. MGT-11  
PROXY FORM**

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

CIN : L18100TG1983PLC003961

Name of the company: SURYAJYOTI SPINNING MILLS LIMITED

Registered office : Regd. Office Burgul Village, Farooqnagar Mandal, Mahabubnagar Dist - 509202, Telangana

Corp. Office : 7<sup>th</sup> Floor, Surya Towers, 105, S.P Road, Secundrabad - 500003, Telangana.

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:



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

1. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

3. Name: .....

Address:

E-mail Id:

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual general meeting of the company, to be held on the 29<sup>th</sup> day of September, 2017 at 11:30 a.m. at the Registered Office of the Company at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509202, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
	<b>Ordinary Business</b>
1	Adoption of Balance Sheet as at 31- March 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Directors' and Auditors' thereon
2	Re-appointment of Shri. Arun Kumar Agarwal
3	Appointment of M/s. ATHOTA & CO., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration
	<b>Special Business</b>
4	Appointment of Ms. Hamlata Devi as an Independent Director of the Company
5	Ratification of the remuneration of Cost Auditors
6	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

Signed this..... day of September 2017

Affix Re.1/- Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Affix Re.1/- Revenue Stamp
-------------------------------------

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

**PRINTED MATTER  
BOOK - POST**

If undelivered, please return to:



**SURYAJYOTI SPINNING MILLS LIMITED**

**Corp. Office:**

Surya Towers, 7th Floor, 105, Sardar Patel Road,  
Secunderabad - 500 003, Telangana, India.

Ph : +91-40-27810086 / 27898842 / 27814265

Fax : +91-40-27846837

e-mail : [info@suryajyoti.com](mailto:info@suryajyoti.com) website : [www.suryajyoti.com](http://www.suryajyoti.com)