



**SURYAJYOTI  
SPINNING MILLS LIMITED**

**Annual Report  
2017-18**





**CONTENTS**

	Page No.
CORPORATE INFORMATION .....	2
NOTICE TO THE MEMBERS.....	3
DIRECTORS' REPORT & ANNEXURES .....	5
REPORT ON CORPORATE GOVERNANCE .....	20
AUDITORS' REPORT .....	36
BALANCE SHEET .....	42
STATEMENT OF PROFIT & LOSS .....	43
CASH FLOW STATEMENT .....	45
NOTES TO ACCOUNTS .....	46
ATTENDANCE SLIP & PROXY FORM .....	81
BALLOT PAPER.....	83

**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.



CIN : L18100TG1983PLC003961

**BOARD OF DIRECTORS**

<b>Sri Ravinder Kumar Agarwal</b>	:	Managing Director
<b>Sri Arun Kumar Agarwal</b>	:	Executive Director
<b>Sri Kusheshwar Jha</b>	:	Independent Director
<b>Smt Hamlata Devi</b>	:	Independent Director

**Chief Financial Officer**  
Shri Arun Kumar Agarwal

**Compliance Officer**  
Shri Arun Kumar Agarwal

**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)

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

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

**Burgul Village**  
Farooqnagar Mandal  
Mahabubnagar District – 509 202,  
Telangana.

**Rajapur Village**  
Balanagar Mandal  
Mahabubnagar District – 509 202,  
Telangana

**Kucherkal Village**  
Balanagar Mandal  
Mahabubnagar District – 509 202,  
Telangana.

**Statutory Auditors**  
M/s. Athota & Co. (Chartered Accountants)  
Plot no: 3 & 4, Flat No: T3,  
Prashanthi Nilayam, Rajivgruhukalpa,  
Pragathi Nagar, Nizampet  
Hyderabad - 500090

**Secretarial Auditors**  
G. Nagaraju  
Company Secretary in Practice  
Bangalore

**Bankers**  
State Bank of India  
IDBI Bank Ltd.,  
Indian Overseas Bank  
State Bank of Hyderabad  
(Merged with State Bank of India)

**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)

**Board Committees**  
**Audit Committee**  
Shri. Kusheshwar Jha – Chairman  
Shri. Arun Kumar Agarwal  
Ms. Hamlata Devi

**Nomination and Remuneration Committee**  
Shri. Kusheshwar Jha – Chairman  
Shri. Arun Kumar Agarwal  
Ms. Hamlata Devi

**Stakeholders Relationship Committee**  
Shri. Kusheshwar Jha – Chairman  
Shri. Arun Kumar Agarwal  
Shri. Ravinder Kumar Agarwal

**NOTICE**

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of **SURYAJYOTI SPINNING MILLS LIMITED** will be held on Saturday the 29<sup>th</sup> day of September, 2018 at 11.30 A.M. at the Registered Office of the Company situated at Burgul Village, Farooqnagar Mandal, Mahabubnagar District - 509202, Telangana, India to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2018 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. Ravinder Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.

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

**Arun Kumar Agarwal**

Executive Director

DIN: 00011126

Place : Secunderabad

Date : 14<sup>th</sup> August 2018

**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, 2018 to 29<sup>th</sup> September, 2018 (both days inclusive), for the purpose of Annual General Meeting.
4. 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 RTA 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.
5. 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 (RTA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
6. 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.
7. 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.
8. 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 3.00 P.M. upto the date of the meeting.
9. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.



10. 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.
11. 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 / RTA.
12. Electronic copy of the Annual Report for 2017-18 which includes Notice of the 35<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 2017-18 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 35<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, 2018 (cut-off date), are entitled to vote on the resolutions set forth in this Notice.

**The e-voting period will commence on Wednesday, 26<sup>th</sup> September, 2018 (09:00 hrs) and will end on Friday, 28<sup>th</sup> September, 2018 (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. Rashida Adenwala, Practicing 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.

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

**Arun Kumar Agarwal**

Executive Director

DIN: 00011126

Place : Secunderabad  
Date : 14<sup>th</sup> August 2018

---

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

**Shri. Ravinder Kumar Agarwal**

Shri. Ravinder Kumar Agarwal, aged about 70 years, a Science Graduate, has been working as Managing Director of the Company for the last 4 decades and was mainly responsible for day-to-day operations of the units and also looking after the marketing departments. The Company has made very good progress under his guidance and supervision.

His other directorship includes Telangana Spinning & Textile Mills Association. Shri. Ravinder Kumar Agarwal is a member of 1 (One) Committee and is holding 22,31,086 shares in the Company as on March 31, 2018.



**DIRECTORS' REPORT**

**To  
The Members  
Suryajyoti Spinning Mills Limited**

Your Directors are pleased to present herewith the 35<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 2018.

**Financial Summary:**

The summarized financial results for the year ended 31<sup>st</sup> March, 2018 as compared with the previous year are as under;

(Rs. In Lacs)

Particulars	Year ended 31/03/2018	Year ended 31/03/2017
Net Sales	<b>8216.42</b>	12559.87
Other Income	<b>18.03</b>	116.48
Total Income	<b>8,234.45</b>	12,676.35
Profit before Depreciation, Interest and taxes	<b>(4433.34)</b>	(11160.42)
Interest	<b>244.56</b>	367.25
Profit before Depreciation and taxes	<b>(4677.82)</b>	(11527.67)
Depreciation	<b>1412.24</b>	1469.26
Profit (Loss) before tax	<b>(6090.06)</b>	(12996.93)
Provision for Tax	-	-
Deferred Tax Liability (Asset)	-	-
Net Profit (Loss) after taxes	<b>(6090.06)</b>	(13092.66)
Earning Per Shares (EPS)	<b>(30.91)</b>	(66.47)

**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 2017-18 under review, The Company has incurred Net Loss of Rs. 6090.06 lakhs as against Rs. 13092.66 lakhs in the previous year.

**Exports:**

During the year under review the company's exports were nil as against Rs. 88.98 Lakhs of the previous financial 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. Ravinder Kumar Agarwal, Director, would retire at the ensuing Annual General Meeting. He is being eligible and offers himself for re-appointment. Your Board of Directors recommends his re-appointment.

**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 2017-18.

**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. 6090.06 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 2017-18 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 Harrasment Policy in line with the requirements of the Sexual Harrasment 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:**

Your Company's Auditors, M/s. ATHOTA & CO., Chartered Accountants, Hyderabad, (FRN 004828S) were appointed as the Statutory Auditors of the Company in the Annual General Meeting held on **29<sup>th</sup> September, 2017** to hold office till the conclusion of the 39<sup>th</sup> Annual General Meeting.

**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 as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company during the financial year 2018-19 on a remuneration of Rs.19000/- .

**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 G. Nagaraju, 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.

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  
**Suryajyoti Spinning Mills Ltd**

<b>Ravinder Kumar Agarwal</b> Managing Director DIN: 00011349	<b>Arun Kumar Agarwal</b> Executive Director DIN: 00011126
---	--

Place : Secunderabad  
Date : 14<sup>th</sup> August 2018



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2018**  
**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.	<b>CIN</b>	L18100TG1983PLC003961
2.	<b>Registration Date</b>	23/05/1983
3.	<b>Name of the Company</b>	Suryajyoti Spinning Mills Limited
4.	<b>Category/Sub-category of the Company</b>	Company limited by shares/ Indian Non-Government Company
5.	<b>Address of the Registered office &amp; contact details</b>	Burgul Village, Farooqnagar Mandal, Mahabubnagar District – 509 202, Telangana, India Tel. No. 08548-255246; 040-27810086 info@suryajyoti.com
6.	<b>Whether listed company</b>	YES (Listed on BSE & National Stock Exchange) Note: Delisted from BSE & NSE
7.	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	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.

S. 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	98.55
2	Manufacturing of Fabric	13121	1.45

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

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



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Shareholding**

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) FIs	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	624789	2800	627589	3.19	553326	2800	556126	2.83	-0.36
ii) Overseas	0	0	0	0	0	0	0	0	0



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) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	4016679	1347540	5364219	27.29	4059901	1339430	5399331	27.47	+0.18
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	3836137	0	3836137	19.52	3870678	0	3870678	19.69	+0.17
c) Others									
1. NRI	48795	0	48795	0.25	36285	0	36285	0.18	-0.07
2. NRINR	1370	0	1370	0.01	1125	0	1125	0.01	0
3. Clearing Members	2349	0	2349	0.01	16914	0	16914	0.09	+0.08
4. Trust	200	0	200	0.00	200	0	200	0.00	0
<b>Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>10194417</b>	<b>1350340</b>	<b>11544757</b>	<b>58.73</b>	<b>10194417</b>	<b>1350340</b>	<b>11544757</b>	<b>58.73</b>	<b>0</b>
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>18305824</b>	<b>1350340</b>	<b>19656164</b>	<b>100.00</b>	<b>18305824</b>	<b>1350340</b>	<b>19656164</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

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 / encumbe red to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbe red 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	798706	4.06	798706	4.06
3	United India Insurance Company Limited	637500	3.24	637500	3.24
4	Pranav Kumarpal Parekh	513410	2.61	513410	2.61
5	Sanjeev Vinodchandra Parekh	408248	2.08	408248	2.08
6	Vinodchandra Mansukhlal Parekh	292623	1.49	292623	1.49
7	Master Capital Services Limited	246879	1.26	252065	1.26
8	Sangita Kumarpal Parekh	186757	0.95	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	26942.63	2414.45	-	<b>29357.08</b>
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>29357.08</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	(2.59)	-	-	<b>(2.59)</b>
<b>Net Change</b>	<b>(2.59)</b>	-	-	<b>(2.59)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	26940.04	2414.45	-	<b>29354.49</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>26940.04</b>	<b>2414.45</b>	-	<b>29354.49</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
	<b>Total (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	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.)
		Kusheshwar Jha	Hamlata Devi	
1	<b>Independent Directors</b>			
	Fee for attending board committee meetings	17000	17000	34000
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	<b>17000</b>	<b>17000</b>	<b>34000</b>
2	<b>Other Non-Executive Directors</b>			
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
	<b>Total (B)=(1+2)</b>	<b>17000</b>	<b>17000</b>	<b>34000</b>
	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<sup>th</sup> August 2018

**Ravinder Kumar Agarwal**      **Arun Kumar Agarwal**  
Managing Director                  Executive Director  
DIN: 00011349                      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 13 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 unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employs about 105 million people directly and indirectly. India's overall textile exports during FY 2017-18 stood at US\$ 37.74 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\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under

cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.#

### 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 Rs 1,36,000 crore (US\$ 20.4 billion) to Rs 2,44,000 crore (US\$ 36.6 billion).
- Upgrade labour skills by allocating Rs 2,200 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 Rs 8,835 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 Rs 32 crore (US\$ 4.8 million) for promotion of handlooms.

**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:**

- Government has announced a booster package of Rs 6000 crores for the textile sector.
- Scheme for Rebate of State Levies (RoSL) to rebate the incidence of state levies on export of garments and made-ups to make exports more competitive in the global market.
- Additionally, interest subvention @ 3% per annum for pre and post shipment credit to exporters of garments and made ups.
- Enhancement of rates from 2% to 4% under the Merchandise Exports from India Scheme (MEIS)

and Market Access Initiative (MAI) Scheme.

- Scheme for Capacity Building in Textile Sector (SCBTS) for skill development in the entire textile value chain.
- Amended Technology Upgradation Funds Scheme (ATUFS) for technology upgradation and Scheme for Integrated Textiles Park (SITP) for development of infrastructure.
- Scheme for development of Handloom sector such as National Handloom Development Programme (NHDP), Yarn Supply Scheme (YSS), Handloom Comprehensive Weavers Welfare Scheme (HCWWS) and Comprehensive Handloom Cluster Development Scheme (CHCDS)

**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.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand\*

**Operational and Financial Performance**

During the current financial year, your Company had produced (including job work) 5110.92 MTs of yarn and 1.08 lakh meters of fabric as against 7681.80 MTs of yarn and 15.38 lakhs meters of fabric in 2017-18.

The Company's Net sales (including job work charges) for the financial year 2017-18 stood at Rs. 8216.42 lakhs when compared to Rs. 12559.87 lakhs for the financial year 2016-17 and incurred a loss of Rs.6090.06 lakhs for the year ended 31.03.2018 when compared to loss of Rs. 13092.66 lakhs in the



previous year.

During the FY 2017-18 the FOB value of your company's exports was Nil when compared with the exports of Rs. 17.04 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 2018, the Company has about 400 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 2018**

[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  
Suryajyoti Spinning Mills Limited  
Burgul Village, Farooqnagarmandal,  
Mahabubnagar District 509202, Telangana, India

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

Based on my verification of **Suryajyoti 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 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by **Suryajyoti Spinning Mills Limited** for the financial year ended on 31<sup>st</sup> March 2018 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(**Not applicable to the Company during the Audit Period**);
  - (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



## SURYAJYOTI SPINNING MILLS LIMITED

- (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:**

- Annual Listing fees to BSE Limited and National Stock Exchange is not paid for the Financial Year 2017-18, pursuant to SEBI (LODR) Regulations, 2015;***
- Company has not paid Annual Custodial Fees to NSDL & CDSL; Non compliance with The Depositories Act, 1996;***
- 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;***
- Reconciliation of Share Capital Audit Report as per Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was not submitted.***
- The Company has not published Advertisement in Newspapers pursuant to Regulation 47 of SEBI (LODR) Regulations, 2015;***
- Constitution of Nomination and Remuneration Committee is not in accordance with Regulation 19 of SEBI (LODR) Regulations, 2015;***
- The Company has appointed a compliance officer who is not a qualified Company secretary;***
- The trading in shares of the company remains suspended on BSE and National Stock Exchange of India Limited due to non-compliance with various provisions of SEBI (LODR) Regulations, 2015;***
- Renewal of Consent from Pollution Control Board with respect to Rajapur unit is pending: Non Compliance with Environment (Protection) Act, 1986;***
- The Company continues to be a Non Performing Asset (NPA): defaulter in repayment of loans from Banks / Financial institutions;***
- Undisputed Statutory dues for the year, i.e., PF, ESI, TDS, Service Tax, Sales Tax etc. were not remitted to Government ;***
- As per the provisions of Section 203 of the Companies Act 2013 read with Rules made thereunder, the Company doesn't have a whole time Company Secretary.***

### **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.

- Post the closure of financial year, the Company got delisted from the Board of BSE w.e.f. July 4, 2018 and from the Board of National Stock Exchange of India Limited w.e.f. August 8, 2018 on the grounds of non compliances with the provisions of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015. The Company filed appeal with Hon'ble Securities Appellate Tribunal (SAT), Mumbai against the orders of delisting of BSE and National Stock Exchange of India Limited. Hon'ble SAT vide its order dated August 14, 2018 directed the company to file a representation with BSE and till then ordered status-quo to be maintained.

Sd/-

**G. Nagaraju**

Company secretary in Practice

FCS No: 6924; CP No: 4025

**Date** : August 14, 2018

**Place** : Bangalore

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  
Burgul Village, Farooqnagarmandal, Mahabubnagar  
District 509202, Telangana, India

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.

Sd/-

**G. Nagaraju**

Company secretary in Practice

FCS No: 6924; CP No: 4025

**Date** : August 14, 2018

**Place** : Bangalore





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**

	<u>2017-18</u>	<u>2016-17</u>
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a. Purchased Unit (Nos.)	23311979	36868375
Total amount (Rs.)	132524508	227860632
Rate / Unit (Rs.)	5.68	6.18
b. Own Generation		
i) Through Diesel Generator		
Unit (Nos.)	1220	41805
Unit per Ltr. Of Oil	3.05	3.46
Cost / Unit (Rs.)	23.81	17.80
ii) Through Steam Turbine / Generators	Nil	Nil
2. Husk (Rs.)	948852	15706022
<b>B. CONSUMPTION PER UNIT OF PRODUCTION (Kg.)</b>		
Consumption per Kg/Mtrs of Production (including job work)		
Electricity (No. of Units)		
Yarn (kgs)	4.48	4.21
Fabric (Mtrs)	4.03	2.95



**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	No technology has been imported during the last 5 years.
(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:	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.

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

Place : Secunderabad  
Date : 14<sup>th</sup> August 2018

**Arun Kumar 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	
<b>1.</b>	<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:	
<b>2.</b>	<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  
**Suryajyoti Spinning Mills Limited**

Place : Secunderabad  
Date : 14<sup>th</sup> August 2018

**Ravinder Kumar Agarwal**     **Arun Kumar Agarwal**  
Managing Director                     Executive Director  
DIN: 00011349                             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 2018, 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.

Name of Director	Category
Shri. Ravender Kumar Agarwal	Managing Director / Promoter
Sri Arun Kumar Agarwal	Executive Director /Promoter
Shri. Kusheshwar Jha	Independent Director
Smt. Hamlata Devi	Independent Director

**Number and date of Board Meetings:**

Five (5) Board Meetings were held during the FY 2017-18. The Meetings were held on 30-05-2017, 14-09-2017, 10-11-2017, 11-01-2018 and 14-02-2018. 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 last AGM held on 29 <sup>th</sup> September 2017	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	5	5	Yes	1	Nil	1	2231086 (11.35)
Shri. A. K. Agarwal	5	5	Yes	2	Nil	3	2125600 (10.81)
Ms. Hamlata Devi	5	5	Yes	0	Nil	2	0
Shri. Kusheshwar Jha	5	5	Yes	3	3	0	0

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**

There is appointment of Sri Ravinder Kumar Agarwal as a Director of the Company during the Financial Year 2017-18, who retires by rotation and being eligible, offers himself for re-appointment.

**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.

**Meetings and attendance during the year:**

The Audit Committee met 5 times during the financial year 2017-18. Each meeting consisted of atleast 2 Members as its quorum out of which atleast 2 are independent members. The said committee met on 30<sup>th</sup> May 2017, 14<sup>th</sup> September 2017, 10<sup>th</sup> November 2017, 11<sup>th</sup> January 2018 and 14<sup>th</sup> February 2018.

Sl. No.	Name	No. of Meetings held	No. of Meetings attended
1.	Shri. Kusheshwar Jha	5	5
2.	Shri. Arun Kumar Agarwal	5	5
3.	Ms. Hamlata Devi	5	5



## SURYAJYOTI SPINNING MILLS LIMITED

### 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:

The Nomination & Remuneration Committee met one time during the financial year 2017-18. The said committee met on 14<sup>th</sup> September, 2017.



**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.

**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.

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 to approve share transfers / transmissions and comply with other formalities in relation thereto.

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

Sl.No.	Name of Members
1.	Shri Kusheshwar Jha
2.	Shri. R. K. Agarwal
3.	Shri. A. K. Agarwal

**MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors met on 14<sup>th</sup> February, 2018, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

**GENERAL BODY MEETINGS**

Particulars of last three Annual General Meetings:

AGM	Year	Location	Date	Time	No. of Special Resolutions passed
34 <sup>TH</sup>	2016-17	Registered Office of the Company, Burgul Village, Farooqnagar Mandal, Mahabubnagar District.	29-09-2017	11.30 A.M	Three
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





For the year ended 31<sup>st</sup> March 2018, 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, 2018, at its meeting held on 14<sup>th</sup> Aug, 2018. 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 (Prajasaki), 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 2017-18. The Management Discussion and Analysis Report forms part of this Annual Report.

**GENERAL SHAREHOLDER INFORMATION**
**a) Annual General Meeting:**

Date & Time : Saturday, the 29<sup>th</sup> day of September 2018 at 11.30 a.m.  
 Venue : Registered Office, Burgul Village, Farooqnagar Mandal,  
 Mahabubnagar District, Pin – 509 202, Telangana.

**b) Dates of Book Closure :** 23-09-2018 to 29-09-2018 (both days inclusive)

**c) Dividend Payment Date :** No dividend was recommended for the FY 2017-18.

**d) 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
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001.	521022

**Note:** The securities of the Company got delisted from National Stock Exchange on 8<sup>th</sup> August, 2018 and BSE on 4<sup>th</sup> July, 2018 and the company has file an application for revocation before Securities Appellate Tribunal (SAT), Mumbai on 6<sup>th</sup> August, 2018 and got the order stating that appellant is permitted to make a representation to BSE. In the interim, status quo to be maintained.

**e) Stock Data:**

The securities of the Company were not traded on the Stock exchanges for the FY 2017-18.

**f) Registrar & Transfer Agents**

M/s. Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
 Nanakramguda, Hyderabad – 500 032. Telangana, India  
 Ph: 040 6716 1606 / 1602  
 Toll Free No.18003454001  
 Email: einward.ris@karvy.com Website: 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<sup>st</sup> March 2018:**

Shareholding of Nominal value	Shareholders		Shares	
	Number	%	Amount (Rs.)	%
1 - 5000	15761	90.82	22638850	11.52
5001 - 10000	757	4.36	6319710	3.22
10001 - 20000	398	2.29	6167820	3.14
20001 - 30000	127	0.73	3252620	1.65
30001 - 40000	69	0.40	2481390	1.26
40001 - 50000	57	0.33	2720640	1.38
50001 - 100000	84	0.48	6167200	3.14
100001 and above	102	0.59	146813410	74.69
<b>TOTAL</b>	<b>17355</b>	<b>100.00</b>	<b>196561640.00</b>	<b>100.00</b>



**j) Shareholding Pattern as on 31<sup>st</sup> March 2018**

Category	Number of cases	No. of shares	Percentage
Clearing Members	1	16914	0.09
Foreign Institutional Investors	1	1026608	5.22
Indian Financial Institutions	1	637500	3.24
Bodies Corporates	182	610600	3.11
Non Resident Indians	2	40611	0.20
Promoter Individuals	8	8111397	41.27
Resident Individuals	17157	9211209	46.86
Non Resident Indian Non Repatriable	2	1125	0.01
Trusts	1	200	0.00
<b>Total</b>	<b>17355</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 93.17% of the Company's share capital have been dematerialized as on 31.03.2018

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

- (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: 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 14-08-2018.



---

**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 2018.

**Place:** Secunderabad  
**Date:** 14<sup>th</sup> August, 2018

**Ravinder Kumar Agarwal**  
Managing Director  
DIN: 00011349



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

We, Ravinder Kumar Agarwal, Managing Director and Arun Kumar Agarwal, Wholetime 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.

Place: Secunderabad  
Date : 14<sup>th</sup> August, 2018

**Ravinder Kumar Agarwal**  
Managing Director & CEO  
DIN: 00011349

**Arun Kumar Agarwal**  
Executive Director & CFO  
DIN: 00011126

**INDEPENDENT AUDITOR'S REPORT**

TO THE BOARD OF DIRECTOR OF  
**SURYA JYOTI SPINNING MILLS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Surya Jyoti Spinning Mills Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended 31st March, 2018, 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of these 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 standalone 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 controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

The Company has not provided the interest on Working Capital Loans and Term Loans with SBI, IDBI and IOB to the extent Rs.56.86 Crores for the year with respect to the period post the loan accounts became NPA.

Consequent to the above, the loss for the Year is understated and share holder's 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, the aforesaid Financial Statements for the year ended 31st March, 2018 (including opening balance sheet as at 1st April



## SURYAJYOTI SPINNING MILLS LIMITED

2017), are prepared, in all material respects, in accordance with the basis of accounting described in Note X to these financial statements.

### Emphasis of Matters

We draw attention to the following Matters in the financial Statements:

- (i) Closing Balances of Debtors, Creditors and Advances are subject to Confirmation and Inventories are as Certified by the Management.
- (ii) Financial Statements of the company have been prepared on 'Going Concern" basis despite the current liabilities exceeds the current assets and erosion of Net worth as on 31.03.2018. These conditions indicate the existence of Material Uncertainty that cast significant doubt about the Company's ability to continue as a Going Concern.

Our Opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for 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
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 **Athota & Co.**  
Chartered Accountants  
Firm's Registration Number: 004828S

Place: Hyderabad  
Date : May 30,2018

**Athota Chennaiah**  
(Partner)  
Membership No.029461





## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’S REPORT**

(Annexure referred to in paragraph 1 of ‘Report on other Legal and Regulatory Requirements’ section of our report of even date)

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

#### **To the Members of Surya Jyoti Spinning Mills Limited**

We have audited the internal financial controls over financial reporting of Surya Jyoti Spinning Mills Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 **Athota & Co.**  
Chartered Accountants  
Firm's Registration Number: 004828S

Place: Hyderabad  
Date : May 30,2018

**Athota Chennaiah**  
(Partner)  
Membership No.029461



**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) In respect of the Company’s fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The management has conducted physical verification of inventory. (other than inventory with third parties) at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership firm 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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to service of telecommunication and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of 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 with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, excise duty, cess and other material statutory dues applicable to it. The extent of the arrears of outstanding statutory dues as at March 31, 2018, for a period of more than six months from the date they became payable are as follows:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount (In Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Due Since</b>	<b>Date of Payments</b>
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	
		182.69	2017-18	June 2018	
Employees Provident Fund Act	Provident Fund Contribution	113.57	2015-16	April 2015	Not Yet Paid
		86.39	2016-17	April 2016	
		6.26	2017-18	April 2017	
Employee State Insurance Act	Employee State Insurance	19.67	2015-16	April 2015	Not Yet Paid
		16.17	2016-17	April 2016	
		1.62	2017-18	April 2017	



Name of the Statute	Nature of the dues	Amount (In Lakhs)	Period to which the amount relates	Due Since	Date of Payments
Income Tax Act	TDS	69.64	2015-16	April 2015	Not Yet
		19.89	2016-17	April 2016	Paid
The Finance Act	Service Tax	14.03	2015-16	April 2015	Not Yet
		6.92	2016-17	April 2016	Paid
		0.52	2017-18	April 2017	

- (b) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of customs, Excise Duty, value added tax and cess on account of any dispute, 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	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 or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) 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 the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) 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 to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **Athota & Co.**  
Chartered Accountants  
Firm's Registration Number: 004828S

**Athota Chennaiah**  
(Partner)

Membership No.029461

Place: Hyderabad  
Date : May 30,2018



**Balance Sheet as at 31<sup>st</sup> March 2018**

Rs in Lacs

Particulars	Note No	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2016
<b>ASSETS:</b>				
<b>A. Non-Current Assets:</b>				
i) Property, Plant & Equipment	3A	18,683.36	20,095.60	21,564.86
ii) Capital Work in Progress	3B	-	-	-
iii) Financial Assets				
a) Investments	4A	-	0.26	0.26
b) Loans & Advances	4B	12.78	12.78	12.78
c) Others	4C	215.92	619.18	551.73
iv) Income Tax Assets(Net)	5	648.16	631.56	720.97
v) Other Non-Current Assests	6	54.32	54.32	52.18
<b>Total Non-Current Assets</b>		<b>19,614.54</b>	<b>21,413.70</b>	<b>22,902.78</b>
<b>B. Current Assets:</b>				
i) Inventories	7	160.53	3,318.22	10,817.71
ii) Financial Assets				
a) Trade Receivables	8A	1,073.10	3,140.96	9,409.03
b) Cash & Cash Equivalents	8B	34.02	31.28	106.65
c) Loans & Advances	8C	29.72	75.19	40.71
d) Others	8D	15.98	70.02	69.32
iii) Other Current Assets	9	2,552.32	2,378.04	4,389.13
<b>Total Current Assets</b>		<b>3,865.67</b>	<b>9,013.71</b>	<b>24,832.55</b>
<b>Total Assets</b>		<b>23,480.21</b>	<b>30,427.41</b>	<b>47,735.33</b>
<b>EQUITY &amp; LIABILITIES:</b>				
<b>A. Equity:</b>				
a) Equity Share Capital	10A	1,965.62	1,967.22	1,967.22
b) Other Equity	10B	(18,382.05)	(12,307.80)	757.59
Total Equity		(16,416.43)	(10,340.58)	2,724.81
<b>B. Liabilities</b>				
<b>1. Non-Current Liabilities</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	11A	385.38	591.03	10,107.77
ii) Redeemable Preference Shares	11B	2,909.64	2,722.52	2,535.40
b) Employee Defined Benefit Liabilities	12	217.51	193.50	191.37
c) Other non-current Liabilities	13	1,469.00	1,469.00	2,073.98
<b>Total Non-Current Liabilities</b>		<b>4,981.53</b>	<b>4,976.05</b>	<b>14,908.52</b>
<b>2. Current Liabilities:</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	14A	14,605.35	14,675.00	16,004.14
ii) Trade Payables	14B			
a) Outstandings to MSMEs		10.98	12.17	15.96
b) Outstandings to other than MSMEs		4,408.47	4,557.85	5,827.59
iii) Other Financial Liabilities	14C	14,734.10	14,813.64	5,131.67
b) Other Current Liabilities	15	1,120.13	1,703.55	3,091.78
c) Employee Defined Befenit Liabilities	16	36.08	29.73	30.86
<b>Total Current Liabilities</b>		<b>34,915.11</b>	<b>35,791.94</b>	<b>30,102.00</b>
<b>Total Liabilities</b>		<b>39,896.64</b>	<b>40,767.99</b>	<b>45,010.52</b>
<b>Total Equity &amp; Liabilities</b>		<b>23,480.21</b>	<b>30,427.41</b>	<b>47,735.33</b>

The accompanying Notes form an integral part of the Financial Statements

As per our report of even date  
for ATHOTA & CO.,  
Chartered Accountants  
Firm Registration No.004828S

For and on behalf of the Board of Directors

**Athota Chennaiah**  
Partner  
Membership No.029461

**R K Agarwal**  
Managing Director  
& C.E.O

**A K Agarwal**  
Executive Director  
& C.F.O

Place : Hyderabad  
Date : 30.05.2018



**Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018**

Rs in Lacs

Particulars	Note No	Year Ended 2017-18	Year Ended 2016-17
<b>A. INCOME:</b>			
i) Revenue from Operations	17	<b>8,216.42</b>	12,559.87
ii) Other Income	18	<b>18.03</b>	116.48
<b>Total Income</b>		<b>8,234.45</b>	12,676.35
<b>B. EXPENSES:</b>		<b>76.52</b>	114.85
i) Cost of Materials Consumed	19	<b>4,394.68</b>	8,626.25
ii) Changes in inventories of Finished Goods, and Work-in-Progress	20	<b>1,892.25</b>	5,799.15
iii) Excise Duty on Sales		-	0.01
iv) Employee Benefit Expenses	21	<b>1,029.47</b>	1,954.37
v) Other Expenses	22	<b>5,351.39</b>	7,456.99
<b>Total</b>		<b>12,667.79</b>	23,836.77
EBITDA		<b>(4,433.34)</b>	(11,160.42)
Depreciation and Amortisation	23	<b>1,412.24</b>	1,469.26
Finance Costs	24	<b>244.48</b>	367.25
Total Expenses		<b>14,324.51</b>	25,673.28
<b>Profit/(Loss) Before Tax</b>		<b>(6,090.06)</b>	(12,996.93)
<b>Tax Expense</b>	25		
a. Current Tax		-	95.73
b. Deferred Tax		-	-
<b>Total Tax Expenses</b>		-	95.73
<b>Profit/(Loss) after Tax for the period</b>		<b>(6,090.06)</b>	(13,092.66)
<b>C. OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Profit or loss in subsequent periods			
Re-measurement gains/(loss) on employee defined benefit plans	26	<b>14.21</b>	27.27
<b>Total Other Comprehensive Income/(Loss) for the year</b>		<b>14.21</b>	27.27
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>(6,075.85)</b>	(13,065.39)
<b>Earnings per Share</b>	27		
i. Basic		<b>(30.91)</b>	(66.47)
ii. Diluted		<b>(30.91)</b>	(66.47)
Nominal value per equity share		<b>10.00</b>	10.00
Significant Accounting Policies	2		

As per our report of even date for ATHOTA & CO., Chartered Accountants Firm Registration No.004828S

For and on behalf of the Board of Directors

**Athota Chennaiah**  
Partner  
Membership No.029461

**R K Agarwal**  
Managing Director  
& C.E.O

**A K Agarwal**  
Executive Director  
& C.F.O

Place : Hyderabad  
Date : 30.05.2018



**Statement of Changes in Equity**

	Rs in lacs					
	No					
<b>A. Equity Share Capital</b>						
Equity shares of INR 10 each Issued, Subscribed and Fully Paid						
<b>As at April 1, 2016</b>						1,965.62
Issued during the year						0.00
<b>As at 31 March 2017</b>						1,965.62
Issued During the year						0.00
<b>As at 31 March 2018</b>						1,965.62
<b>B. Other Equity</b>						

PARTICULARS	Reserves and Surplus				Other Items of OCI	Total
	Security Premium Account	Capital Reserve	General Reserve	State Subsidy		
<b>Balance at the beginning of the reporting period as at April 01, 2016</b>	2,260.49	17.50	754.14	15.00	2.30	<b>757.59</b>
Add: Re-measurement gains/(loss) on employee defined benefit plans					27.27	<b>27.27</b>
Add: Profit after Tax for the year	-	-	-	-	(13,092.66)	<b>(13,092.66)</b>
<b>Balance at the end of the reporting period as at 31 Mar 2017</b>	2,260.49	17.50	754.14	15.00	29.57	<b>(12,307.80)</b>
<b>Changes during the year</b>						<b>-</b>
Add: Re-measurement gains/(loss) on employee defined benefit plans					14.21	<b>14.21</b>
Add: Transfer from Share forfeiture account		1.60				<b>1.60</b>
Add: Profit after Tax for the year					(6,090.06)	<b>(6,090.06)</b>
<b>Balance at the end of the reporting period as at 31 Mar 2018</b>	2,260.49	19.10	754.14	15.00	43.78	<b>(18,382.05)</b>

The accompanying Notes form an integral part of the Financial Statements

As per our report of even date for ATHOTA & CO., Chartered Accountants Firm Registration No.004828S

For and on behalf of the Board of Directors

**Athota Chennaiah**  
Partner  
Membership No. 029461

**R K Agarwal**  
Managing Director  
& C.E.O

**A K Agarwal**  
Executive Director  
& C.F.O

Place : Hyderabad  
Date : 30.05.2018



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> March 2018** (Rs. Lakhs)

PARTICULARS	Current Year 31-Mar-2018	Previous Year 31-Mar-2017
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Profit before Exceptional, Extraordinary items and Tax	<b>(6,090.06)</b>	(12,996.93)
Adjustment for:		
Depreciation	<b>1,412.24</b>	1,469.26
Provision for doubtful receivables/advances	<b>0.00</b>	0.00
Interest Expense	<b>244.48</b>	367.25
Interest Income	<b>(17.76)</b>	(48.74)
Re-measurement gains/(Loss) on Employee Defined Benefit Plans		
<b>Operating Profit Before Working Capital Changes</b>	<b>(4,451.10)</b>	(11,209.16)
Movements in Working Capital:		
Decrease/(Increase) in Inventories	<b>3,157.69</b>	7,499.49
Decrease/(Increase) in Trade and Other Receivables	<b>1,838.26</b>	7,049.16
Decrease/(Increase) in Other financial and non-financial assets	<b>328.49</b>	1,906.32
Increase/(Decrease) in Trade and Other financial and non-financial liabilities	<b>(807.18)</b>	(3,153.17)
<b>Cash Generated From Operations</b>	<b>66.16</b>	2,092.64
Direct taxes paid (net of refunds)	<b>16.60</b>	(89.41)
<b>Net Cash inflow / (Outflow) in the Course of Operating Activities (A)</b>	<b>82.76</b>	2,003.23
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets	<b>0.00</b>	0.00
Sales of Fixed Assets	<b>0.00</b>	0.00
Interest received	<b>17.76</b>	48.74
(Purchase) / Sale of Investments (NET)	<b>(0.26)</b>	0.00
<b>Net Cash inflow / (Outflow) in the Course of Investing Activities (B)</b>	<b>17.50</b>	48.74
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	<b>0.00</b>	0.00
Proceeds from Bank Borrowings	<b>(67.06)</b>	(630.05)
Repayment of Long Term Borrowings	<b>(2.59)</b>	(699.09)
Increase / (Decrease) in other non-current liabilities	<b>211.13</b>	(215.73)
Interest Charges	<b>(244.48)</b>	(431.73)
<b>Net Cash inflow / (Outflow) in the Course of Financing Activities (C)</b>	<b>(103.00)</b>	(1,976.60)
<b>D. NET INCREASE/ (DECREASE) IN CASH AND CASH (A) + (B) + (C) EQUIVALENTS</b>	<b>(2.74)</b>	75.37
Opening Balance of Cash and Cash Equivalents	<b>31.28</b>	106.65
Closing Balance of Cash and Cash Equivalents	<b>34.02</b>	31.28

**Note:** The Company Adopted Amended Ind AS-7 to prepare Cash Flow Statement under indirect method.

As per our report of even date  
for ATHOTA & CO.,  
Chartered Accountants  
Firm Registration No.004828S

For and on behalf of the Board of Directors

**Athota Chennaiah**  
Partner  
Membership No.029461

**R K Agarwal**  
Managing Director  
& C.E.O

**A K Agarwal**  
Executive Director  
& C.F.O

Place : Hyderabad  
Date : 30.05.2018



## Notes on Financial Statements for the year 2017-18

### 1. Corporate Information

Suryajyoti Spinning Mills Limited ("the Company") is a public domiciled in India and incorporated under the Companies Act, 1956. Its shares are listed on two Stock exchanges in India. The company is engaged in the manufacturing and selling of Cotton Yarn, Polyester Yarn and Bottom Weight Fabrics. The company caters to both domestic and international markets.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP"). These financial statements for the year ended March 31, 2018 are the first set of financial statements of the Company has been prepared in accordance with Ind AS. Refer to Note\*\* for information on how the Company adopted Ind AS. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

#### 2.2 Summary of significant accounting policies

##### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An **asset is treated as current** when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as **non-current**.

A **liability is current** when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all **other liabilities as non-current**.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The **operating cycle** is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified **twelve months as its operating cycle**.

##### (b) Foreign currencies

The financial statements are presented in Indian rupees, which is also the functional currency of the Company and the currency of the primary economic environment in which the Company operates.





**Transactions and balances**

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

**(c) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**(d) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.



The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Based on the guidance note on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, Value Added Tax /Goods and Services Tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

**Conversion Charges**

Revenue from job work charges is recognised when the manufacturing process has been completed and measured at the fair value of the consideration received or receivable, net of allowances, discounts. The GST collected on the conversion charges is excluded from revenue as it is not received on the company's own account.

**Export incentives**

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Other income**

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

**(e) Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of



assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

#### **Goods and Service Tax paid on acquisition of assets or goods**

Cost of goods and assets are recognised net of the amount of goods and services taxes paid, except:

When the tax incurred on a purchase of assets or goods is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### **(f) Property, Plant and Equipment**

Under the previous GAAP (Indian GAAP), Freehold land and buildings (property) were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property as deemed cost at the date of the acquisition since they were broadly comparable to fair value.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for acquiring, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided on a straight-line method based on the useful lives estimated by the management, which are in accordance with Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



**(g) Intangible assets**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

During the period of development, the asset is tested for impairment annually.

**(h) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a Lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

**(i) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**(j) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on monthly moving weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of raw material, packing material, consumables and stores and spares are valued as per monthly moving weighted average method. Cost does not include duties and taxes that are subsequently recoverable.

Finished goods and work in progress costs includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

**(k) Impairment of non-financial assets**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate



cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

## **(l) Provisions**

### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **(m) Retirement and other employee benefits**

- ❖ Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.
- ❖ 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.
- ❖ Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.
- ❖ The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

## **(n) Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## **(o) Financial instruments**

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



**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, a ‘debt instrument’ is measured at the amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Equity investments:**

In respect of equity investments, when an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries and associates either:

- (a) at cost; or
- (b) in accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost.

**The deemed cost of such an investment shall be its:**

- (i) fair value at the entity’s date of transition to Ind AS in its separate financial statements; or
- (ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary or associate that it elects to measure using a deemed cost.

Since the company is a first time adopter it has measured its investment in subsidiary and associate at deemed cost in accordance with Ind AS 27 by taking previous GAAP carrying amount.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company’s balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
  - ✓ the Company has transferred substantially all the risks and rewards of the asset, or
  - ✓ the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure on trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L).

**Financial liabilities****Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(r) Measurement of EBITDA**

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss and does not include depreciation and amortization expense, finance costs and tax expense in measurement of EBITDA.





Notes on Financial Statements for the year 2017-18

3A. Property, Plant and Equipment

Rs in Lacs

Description	Freehold Land	Freehold Buildings	Plant & Machinery	Computers	Office Equipment	Furniture & Fittings	Vehicles	Total
<b>COST:</b>								
At April 1, 2016	384.43	6,617.03	30,916.07	120.57	-	138.71	323.24	38,500.05
Additions	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>384.43</b>	<b>6,617.03</b>	<b>30,916.07</b>	<b>120.57</b>	<b>-</b>	<b>138.71</b>	<b>323.24</b>	<b>38,500.05</b>
Additions	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>384.43</b>	<b>6,617.03</b>	<b>30,916.07</b>	<b>120.57</b>	<b>-</b>	<b>138.71</b>	<b>323.24</b>	<b>38,500.05</b>
<b>DEPRECIATION/AMORTISATION:</b>								
At April 1, 2016	-	1,471.02	14,989.31	112.38	-	119.29	243.19	16,935.19
Charge for the year	-	156.07	1,283.04	1.75	-	4.91	23.49	1,469.26
Disposals/Adjustments	-	-	-	-	-	-	-	-
<b>As at March, 2017</b>	<b>-</b>	<b>1,627.09</b>	<b>16,272.35</b>	<b>114.13</b>	<b>-</b>	<b>124.20</b>	<b>266.68</b>	<b>18,404.45</b>
Charge for the year	-	156.07	1,235.44	0.40	-	4.62	15.71	1,412.24
Disposals/Adjustments	-	-	-	-	-	-	-	-
<b>As at March, 2018</b>	<b>-</b>	<b>1,783.16</b>	<b>17,507.79</b>	<b>114.53</b>	<b>-</b>	<b>128.82</b>	<b>282.39</b>	<b>19,816.69</b>
<b>NET BLOCK:</b>								
At April 1, 2016	384.43	5,146.01	15,926.76	8.19	-	19.42	80.05	21,564.86
At March 31, 2017	384.43	4,989.94	14,643.72	6.44	-	14.51	56.56	20,095.60
<b>At March 31, 2018</b>	<b>384.43</b>	<b>4,833.87</b>	<b>13,408.28</b>	<b>6.04</b>	<b>-</b>	<b>9.89</b>	<b>40.85</b>	<b>18,683.36</b>
<b>3B. Capital Work in Progress</b>								
At April 1, 2016	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





**Notes on Financial Statements for the year 2017-18**

Rs in Lacs

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>4A. Investments:</b>			
<b>Trade Investments</b>			
Long Term, Unquoted, in fully paid equity shares (at cost unless stated otherwise)			
2600 shares of Rs.10/- each fully paid up in M/s.Regent Clothing Pvt Ltd.,	-	0.26	0.26
<b>Sub-Total</b>	-	0.26	0.26

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>4B. Loans &amp; Advances (Unsecured considered good unless otherwise stated)</b>			
Other Advances	12.78	12.78	12.78
<b>Sub-Total</b>	12.78	12.78	12.78

<b>4C. Other Financial Assets:</b>			
Security Deposits	215.92	619.18	551.73
<b>Sub-Total</b>	215.92	619.18	551.73

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>5. Income Tax Assets (Unsecured, considered good unless stated otherwise)</b>			
Advance Tax (net of provision for taxes)	648.16	631.56	720.97
<b>Sub-total</b>	648.16	631.56	720.97

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>6. Other Non-Current Assets (Unless, considered good unless stated otherwise)</b>			
Advances for Capital Goods	54.32	54.32	52.18
<b>Sub-Total</b>	54.32	54.32	52.18

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>7. Inventories</b>			
(valued at lower of cost or net realisable value)			
Raw Materials	16.41	225.64	562.71
Work in Progress	66.17	148.41	4,919.24
Finished Goods	15.06	1,940.06	2,968.37
Stores, spares and consumables	62.89	1,004.11	2,367.39
<b>Sub-Total</b>	160.53	3,318.22	10,817.71



**Notes on Financial Statements for the year 2017-18**

Rs in Lacs

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>8A. Trade Receivables</b>			
(Unsecured, considered good unless stated otherwise)			
Outstanding for a period exceeding 6 months from the date they are due for payment			
Considered good	<b>646.14</b>	2,480.84	260.95
Doubtful	-	-	-
	<b>646.14</b>	2,480.84	260.95
Others	<b>426.96</b>	660.12	9,148.08
<b>Sub-Total</b>	<b>1,073.10</b>	3,140.96	9,409.03
<b>8B. Cash and cash equivalents</b>			
i) Cash on hand	<b>8.82</b>	9.94	4.27
ii) Balance with banks:			
On Current Accounts	<b>25.20</b>	21.34	51.92
iii) Deposits with original maturity less than 12 months	-	-	50.46
<b>Sub-Total</b>	<b>34.02</b>	31.28	106.65
<b>8C. Loans</b>			
Loans to Employees	<b>29.72</b>	75.19	40.71
<b>Sub-Total</b>	<b>29.72</b>	75.19	40.71
<b>8D. Other Financial Assets</b>			
Interest accrued on deposits	<b>15.98</b>	70.02	69.32
<b>Sub-Total</b>	<b>15.98</b>	70.02	69.32
Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apl 1, 2016
<b>9. Other Current Assets</b>			
(Unsecured, considered good unless otherwise stated)			
Balances with Govt Authorities	<b>127.91</b>	170.80	472.11
Prepaid Expenses	<b>0.32</b>	11.12	15.25
Incentives Receivables	<b>243.48</b>	288.40	1,499.44
Others	<b>2,180.61</b>	1,907.72	2,402.33
<b>Sub-Total</b>	<b>2,552.32</b>	2,378.04	4,389.13



## SURYAJYOTI SPINNING MILLS LIMITED

### Notes on Financial Statements for the year 2017-18

#### 10A. Share Capital

Rs in Lacs

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at 1 Apl 2016
<b>Authorised Share Capital:</b>			
250,00,000 Equity shares of par value of Rs.10/- each	2,500.00	2,500.00	2,500.00
<b>Issued</b>			
199,26,209 Equity shares of par value of Rs.10/- each	1,992.62	1,992.62	1,992.62
<b>Subscribed and fully paid up shares:</b>			
196,56,164 Equity shares of par value of Rs.10/- each	1,965.62	1,965.62	1,965.62
Share Forfeiture	-	1.60	1.60
<b>Total Issued, Subscribed and fully paid up Share Capital</b>	<b>1,965.62</b>	<b>1,967.22</b>	<b>1,967.22</b>

#### Reconciliation of number of shares outstanding and amount at the beginning and at end of the year

PARTICULARS	As at Mar 31, 2018		As at Mar 31, 2017		As at Apl 1, 2016	
	No	₹ in Lacs	No	₹ in Lacs	No	₹ in Lacs
At the beginning of the Year	19,656,164	1,965.62	19,656,164	1,965.62	19,656,164	1,965.62
Add: Shares issued on during the year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>19,656,164</b>	<b>1,965.62</b>	<b>19,656,164</b>	<b>1,965.62</b>	<b>19,656,164</b>	<b>1,965.62</b>

#### Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of shares is entitled to one vote per share. The company declares dividends in Indian rupees. 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. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Details of shareholders holding more than 5% equity shares in the company:

DESCRIPTION	As at Mar 31, 2018		As at Mar 31, 2017		As at Apl 1, 2016	
	No	₹ in Lacs	No	₹ in Lacs	No	₹ in Lacs
Ravinder Kumar Agarwal	2,231,086	11.35	2,231,086	11.35	2,231,086	11.35
Arun Kumar Agarwal	2,125,600	10.81	2,125,600	10.81	2,125,600	10.81
Neha Agarwal	1,365,500	6.95	1,365,500	6.95	1,365,500	6.95
Vijaylatha Jain	1,248,900	6.35	1,248,900	6.35	1,248,900	6.35
APMS Investment Fund Limited	1,036,608	5.27	1,036,608	5.27	1,036,608	5.27


**Notes on Financial Statements for the year 2017-18**
**10B. Other Equity**

Rs in Lacs

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at 1 Apl 2016
<b>a) Capital Reserve:</b>			
Balance at the beginning of the year	17.50	17.50	17.50
Add: Transfer from Share Forfeiture Account	1.60	-	-
Balance at the end of the year	19.10	17.50	17.50
<b>b) Security Premium Reserve:</b>			
Balance at the beginning of the year	2,260.49	2,260.49	2,260.49
Add: Transfer from Share Forfeiture Account	-	-	-
Balance at the end of the year	2,260.49	2,260.49	2,260.49
<b>c) Capital Subsidy</b>			
Balance at the beginning of the year	15.00	15.00	15.00
Add: Transfer from Share Forfeiture Account	-	-	-
Balance at the end of the year	15.00	15.00	15.00
<b>d) General Reserve:</b>			
Balance at the beginning of the year	754.14	754.14	754.14
Add: Transfer from Share Forfeiture Account	-	-	-
Balance at the end of the year	754.14	754.14	754.14
<b>e) Retained Earnings:</b>			
Balance at the beginning of the year	(15,384.50)	(2,291.84)	(1,627.69)
Add: Profit After Tax for the Year	(6,090.06)	(13,092.66)	-
Less : Preference Dividend	-	-	(664.15)
Balance at the end of the year	(21,474.56)	(15,384.50)	(2,291.84)
<b>f) Other Comprehensive Income :</b>			
Re-measurement of gains/Loss from Gruatuity	43.78	29.57	2.30
<b>Total Other Equity</b>	<b>(18,382.05)</b>	<b>(12,307.80)</b>	<b>757.59</b>



Notes on Financial Statements for the year 2017-18

Description	Effective Interest Rate	Maturity	Non-Current Portion				Current Maturities			Rs in Lacs
			As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016		
Term Loans (Secured)										
Indian Rupees Loans from Banks	12.84%	Sep-21	-	-	9,399.03	12,333.97	12,333.97	3,014.66		
Indian Rupees Loans from NBFC	14.26%	Feb-18	-	-	2.05	0.72	3.31	6.70		
Foreign Current Loans from Banks	7.72%	Jun-16	-	-	-	-	-	613.93		
Others Loans										
Deferred Sales Tax Loan	-	Mar-24	385.38	591.03	706.69	560.07	354.42	238.76		
<b>Total</b>			<b>385.38</b>	<b>591.03</b>	<b>10,107.77</b>	<b>12,894.76</b>	<b>12,691.70</b>	<b>3,874.05</b>		
The above amount includes:										
Secured Borrowings			-	-	9,401.08	12,334.69	12,337.28	3,635.29		
Unsecured Borrowings			<b>385.38</b>	<b>591.03</b>	<b>706.69</b>	<b>560.07</b>	<b>354.42</b>	<b>238.76</b>		



**Notes on Financial Statements for the year 2017-18**

The Details of loans are as under:

		Rs in Lacs					
Name of the Bank	No of Instalments	Instalment Commence-ment Date	Rate of Interest	Sanctioned Amount	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
State Bank of India							
TUF Scheme - I	36	Sep-12	15.56%	3,500.00	<b>1,930.27</b>	1,930.27	1,990.71
TUF Scheme - I	36	Sep-12	15.56%	3,800.00	<b>2,309.65</b>	2,309.65	2,387.51
Working Capital Loan	28	Dec-14	10.50%	901.00	<b>862.81</b>	862.81	862.81
Priority Debt	20	Mar-15	13.00%	644.00	<b>616.70</b>	616.70	616.70
State Bank of Hyderabad							
TUF Scheme - I	36	Sep-12	16.35%	3,640.00	<b>2,140.02</b>	2,140.02	2,215.75
Working Capital Loan	28	Dec-14	10.50%	180.00	<b>165.29</b>	165.29	166.64
Priority Debt	20	Mar-15	13.00%	210.00	<b>196.37</b>	196.37	199.76
IDBI Bank LTd							
TUF Scheme - I	35	Dec-12	12.00%	1,000.00	<b>322.12</b>	322.12	357.69
TUF Scheme - I	35	Dec-12	12.00%	1,200.00	<b>562.50</b>	562.50	623.98
Working Capital Loan	20	Jun-13	12.00%	1,200.00	<b>522.21</b>	522.21	743.13
Priority Debt	28	Dec-14	11.50%	214.00	-	-	193.81
Indian Overseas Bank							
Term Loan - 1	20	Mar-15	13.00%	206.00	<b>172.01</b>	172.01	192.68
Term Loan - 1	28	Sep-14	12.07%	1,500.00	<b>566.11</b>	566.11	548.58
Term Loan - 2	36	Sep-12	12.25%	1,385.00	<b>1,081.83</b>	1,081.83	1,110.00
Term Loan - 3	20	Mar-15	13.30%	219.00	<b>215.04</b>	215.04	203.94
Term Loan - 4	16	Sep-12	7.72%	-	-	-	613.93
Term Loan - 5	20	Sep-16	12.25%	671.04	<b>671.04</b>	671.04	-
Deferred Sales Tax Loan - Government of Telangana	10	Mar-14	-	966.28	<b>945.45</b>	945.45	945.45
Mahindra Financial Services Ltd							
Priority Debt	35	Apr-15	14.26%	5.98	<b>0.72</b>	3.31	8.75
<b>Total</b>				<b>21442.3</b>	<b>13280.14</b>	13282.73	13981.82



## SURYAJYOTI SPINNING MILLS LIMITED

### Notes on Financial Statements for the year 2017-18

Rs in Lacs

#### The Security Details are as under:

1. The Primary security for the Term loans mentioned 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 II nd charge on the entire Current Assets of the company.
2. The Collateral security for the Term loans above are Pledge of shareholding of the promoters in the company of 76,11,397 equity shares on pari-passu basis b) EM of commercial property belonging to the relatives of the Promoters on Pari-Passu basis.
3. The Term 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 Term Loans from SBI and SBH are further secured by pledge of 500,000 equity shares of the company held by the Promoters.
5. The Term Loans from IOB 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.
6. 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.
7. The company has taken vehicle loans from Volks wagon Finance company Ltd., under hypothecatin scheme. 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 and Filed Application in DRT Hyderabad demanding the full amount and accordingly the total dues have been shown under Current Maturities.

#### 11B. Cumulative Redeemable Preference Shares:

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apr 1, 2016
10% Cumulative Redeemable Preference shares of Rs.100 each	1871.25	1871.25	1871.25
Arrears of Preference Dividend	1038.39	851.27	664.15
<b>Total</b>	<b>2909.64</b>	2722.52	2535.4

#### Reconciliation of no of shares outstanding and amount at the beginning and end of the year

Particulars	As at 31 Mar 2018		As at 31 Mar 2017		As at Apr 1, 2016	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,871,250	1,871.25	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	1,871,250.00	1,871.25	1,871,250	1,871	1,871,250	1,871.25



**Details of shares held by each member holding more than 5% of total shares:**

Particulars	As at 31 Mar 2018		As at 31 Mar 2017		As at Apr 1, 2016	
	Number	% of holding	Number	% of holding	Number	% of holding
Ayyappa Roler Floor Mills Ltd	<b>1,000,000</b>	<b>53.44</b>	1,000,000	53.44	1,000,000	53.44
Suryajyoti Infotech Ltd	<b>564,250</b>	<b>30.15</b>	564,250	30.15	564,250	30.15
Papal Exim India Ltd	<b>164,000</b>	<b>8.76</b>	164,000	8.76	164,000	8.76
Arun Kumar Agarwal	<b>106,000</b>	<b>5.66</b>	106,000	5.66	106,000	5.66

**Terms / rights 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.

**12. Net Employee Defined Benefit Liability: (Refer No. 29)**

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apr 1, 2016
Gratuity	<b>180.46</b>	160.37	154.88
Compensated Absences	<b>37.05</b>	33.13	36.49
<b>Total</b>	<b>217.51</b>	193.50	191.37

**13. Other Non-Current Liability:**

Particulars	As at 31 Mar 2018	As at 31 Mar 2017	As at Apr 1, 2016
Unsecured Loans from Promoters and Associates	<b>1,033.00</b>	1,033.00	1,033.00
Unsecured Loans from Bodies Corporate	<b>436.00</b>	436.00	436.00
ROR - Payable	-	-	604.98
<b>Total</b>	<b>1,469.00</b>	1,469.00	2,073.98

1. The Unsecured Loans from Promoters, Associates and Corporate are in compliance 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 become NPA and exited from CDR, the provision has been reversed in 2016-2017.





# SURYAJYOTI SPINNING MILLS LIMITED

## Notes on Financial Statements for the year 2017-18

Rs in Lacs

### 14A. Short Term Borrowings:

Description	Effective Interest Rate	Maturity	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
Loans repayable on demand from banks- Working Capital loans					
Cash Credit facility	12.00%	On Demand	<b>14,605.35</b>	13,708.83	12,615.37
Packing Credit loans		On Demand	-	896.52	1,451.96
Bill discounted		On Bill Due date	-	69.65	1,936.81
<b>Total</b>			<b>14,605.35</b>	14,675.00	16,004.14

#### The above loans include:

Secured Borrowings	<b>14,605.35</b>	14,675.00	16,004.14
Unsecured Borrowings	-	-	-

#### The Security Details are as under:

- The above facilities have been provided by SBI, SBH and IDBI towards working capital requirements of the company.
- 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.
- 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 to all Lenders; b) EM of commercial properties belonging to the relatives of the Promoters on Pari-Passu basis for SBI and SBH.
- 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.
- 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.
- 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 and filed application in DRT, Hyderabad demanding the full amount.

### 14B. Trade Payables: Trade Payables:

Description	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
Outstanding dues to Micro and small enterprises (Refer Note No. 30)	<b>10.98</b>	12.17	15.96
Outstanding dues to creditors other than micro and small enterprises (Refer Note No. 36)	<b>4,408.47</b>	4,557.85	5,827.59
<b>Total</b>	<b>4,419.45</b>	4,570.02	5,843.55

#### Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled as per agreed terms.
- For explanations on the Company's credit risk management process, refer to Note No. 42.



**Notes on Financial Statements for the year 2017-18**

Rs in Lacs

Description	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
<b>14C. Other Financial liabilities:</b>			
Current maturities of non-current borrowings (refer Note No. 37)	<b>12,894.76</b>	12,691.70	3,874.05
Payables for outstanding expenses	<b>1,839.34</b>	2,121.94	1,193.14
Interest accrued but not due on borrowings	-	-	64.48
<b>Total</b>	<b>14,734.10</b>	14,813.64	5,131.67

Description	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
<b>15. Other Current Liabilities:</b>			
Advance from Customers	<b>719.41</b>	1,245.17	2,785.50
Statutory Liabilities	<b>357.93</b>	348.41	245.31
Other dues to related parties [Refer Note No.31(c)]	<b>42.79</b>	109.97	60.97
<b>Total</b>	<b>1,120.13</b>	1,703.55	3,091.78

Description	As at Mar 31, 2018	As at Mar 31, 2017	As at Apr 1, 2016
<b>16. Net Employee Defined Benefit liability:</b>			
(Refer Note No. 29)			
Gratuity	<b>28.29</b>	23.23	24.48
Compensated Absences	<b>7.79</b>	6.50	6.38
<b>Total</b>	<b>36.08</b>	29.73	30.86

**SURYAJYOTI SPINNING MILLS LIMITED****Notes on Financial Statements for the year 2017-18**

Rs in Lacs

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>17. Revenue from Operations:</b>		
Sale of products (including excise duty)	7,218.48	12,055.00
Other Operating Revenue		
Conversion Charges earned	779.91	130.67
Export Incentives	-	88.98
Scrap Sales	218.03	285.22
<b>Total</b>	<b>8,216.42</b>	<b>12,559.87</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>18. Other Income:</b>		
Interest Income	17.76	48.74
Other Non-operating income	0.27	67.74
<b>Total</b>	<b>18.03</b>	<b>116.48</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>19. Cost of Materials Consumed:</b>		
Raw Material Consumed		
Opening Stock	225.64	562.70
Add: Purchases	4,185.45	8,292.51
Less: Sale of Raw Materials	-	248.76
Less: Closing stock	16.41	225.64
<b>Total</b>	<b>4,394.68</b>	<b>8,380.81</b>
Cost of Stock in Trade	-	245.44
<b>Total</b>	<b>4,394.68</b>	<b>8,626.25</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>20. Decrease /(Increase) in stocks of WIP and FG:</b>		
Inventories at the end of Year		
Finished Goods	72.84	1,940.05
Work in Progress	123.37	148.41
<b>Total</b>	<b>196.21</b>	<b>2,088.46</b>
Inventories at the beginning of the year		
Finished Goods	1,940.05	2,968.37
Work in Progress	148.41	4,919.24
<b>Total</b>	<b>2,088.46</b>	<b>7,887.61</b>
<b>Total</b>	<b>1,892.25</b>	<b>5,799.15</b>



Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>21. Employee Benefit Expenses:</b>		
Salaries, wages and bonus	932.45	1,749.18
Contribution to Provident and other funds	4.27	53.32
Staff Welfare expenses	53.39	115.45
Employee Defined Benefit Expenses	39.36	36.42
<b>Total</b>	<b>1,029.47</b>	<b>1,954.37</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>22. Other Expenses:</b>		
Stores, Spares and consumables	181.02	1,997.59
Power and Fuel	1,335.02	2,443.11
Conversion chares paid	30.17	-
Other Manufacturing expenses	10.94	51.79
Repairs and Maintenance		
Plant & Machinery	1.65	1.65
Buildings	2.83	1.15
Other assets	12.21	10.84
Rent	-	0.04
Rates & Taxes	18.96	20.81
Printing & Stationery	1.70	5.70
Insurance	11.49	26.92
Directors Sitting Fees	0.34	0.10
Remuneration to Statutory Auditors (Refer Note No. 32)	5.50	10.35
Remuneration to Cost Auditors	0.19	0.19
Managerial Remunertion	-	-
Communication expenses	8.30	19.26
Travelling & Conveyance	8.22	25.41
Vehicle Maintenance	25.98	31.28
Consultancy Charegs	44.53	23.26
Donations	0.78	0.48
Advertisement Expenses	0.27	0.54
Secretarial Expenses	1.40	3.67
Sales Commission	1.44	33.67
Carriage outwards & Clearing charges	10.54	245.05
Obselete Stocks Written Off	1,173.55	-
Bad Debts Written off	2,442.83	2,468.30
Sundry Expenes	21.53	35.83
<b>Total</b>	<b>5,351.39</b>	<b>7,456.99</b>



Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>23. Depreciation and Amortisation:</b>		
Depreciation	1,412.24	1,469.26
<b>Total</b>	<b>1,412.24</b>	<b>1,469.26</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>24. Finance Costs:</b>		
Interest		
Term Loans	-	457.65
Working Capital Loans	-	77.26
Others	56.76	162.87
ROR charges Reversed	-	(604.98)
Dividend on Preference shares	187.13	187.12
Bank Charges	0.59	87.33
<b>Total</b>	<b>244.48</b>	<b>367.25</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>25. Taxes:</b>		
Current Tax	-	95.73
Deferred Tax charge /(Credit)	-	-
<b>Total</b>	<b>-</b>	<b>95.73</b>

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>26. Components of Other Comprehensive Income:</b>		
Re-measurement gains/(losses) on employee defined benefit plans	14.21	27.27
Deferred Tax effect on remeasurement costs		
<b>Total</b>	<b>14.21</b>	<b>27.27</b>

**27. Earnings per equity share:**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into Equity shares.

Profit after Tax for the year	<b>(6,075.85)</b>	(13,065.39)
Weighted average no of equity shares considered for calculation	<b>19,656,164</b>	19,656,164

**Earnings per Shares**

Basic	<b>(30.91)</b>	(66.47)
Diluted	<b>(30.91)</b>	(66.47)
Face Value per Equity Share (Rs.)	<b>10.00</b>	10.00



**28. Commitments and Contingencies**

**A. Leases**

**Operating lease commitments - Company as lessee**

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is NIL lakhs (March 31, 2017: Rs.0.04 lakhs).

The Company has not recognised any contingent rent as expense in the Statement of Profit and Loss.

**B. Capital and other commitments**

<b>Particulars</b>	<b>As at Mar 31,2018</b>	As at Mar 31,2017	As at Apr 01,2016
Estimated amount of contracts remaining to be executed on			
Capital account and not provided for	<b>Nil</b>	Nil	Nil
Other Commitments	<b>Nil</b>	Nil	Nil

**C. Contingent liabilities**

<b>Particulars</b>	<b>As at Mar 31,2018</b>	As at Mar 31,2017	As at Apr 01,2016
Claims arising from disputes not acknowledged as debts - indirect taxes	-	-	-
Claims arising from disputes not acknowledged as debts - direct taxes	-	-	-
Claims against the Company not acknowledged as debts - Customs claims	120.64	120.64	120.64

in respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

- a) The Company has purchased HSD and FO form 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.
- (b) 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.
- (c) 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.



## SURYAJYOTI SPINNING MILLS LIMITED

### Notes on Financial Statements for the year 2017-18

Rs in Lacs

- (d) 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 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.
- (e) 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.
- (f) 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.

#### 29. Employee Benefit Plans:

##### 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.2.97 lakhs during the year (Previous year Rs.41.69 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 has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is unfunded. The following tables summarises the components of net benefit expense recognised in the statement of profit and loss, the fund status and balance sheet position:

Particulars	As at 31 Mar 2018	As at 31 Mar 2017
<b>Profit &amp; Loss Account</b>		
Current Service Cost	26.82	22.44
Interest Cost on benefit obligation	12.47	13.98
Expected return on plan assets	NIL	NIL
Net Actuarial (gain) Loss recognized in the year	(11.85)	(27.27)
Past services cost	0.07	NIL
Net Benefit Expenses	39.36	9.15
<b>Balance Sheet</b>		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	183.60	179.36
Interest cost	12.48	13.98
Current services cost	26.82	22.44
Benefits paid	(2.35)	(4.91)



**Notes on Financial Statements for the year 2017-18**

Rs in Lacs

Actuarial (gains) / Losses on obligation	<b>(11.85)</b>	(27.27)
Closing defined benefit obligation	<b>208.75</b>	183.60
<b>Assumptions</b>		
Salary Rise	<b>5%</b>	5%
Attrition rate	<b>7%</b>	7%
Discount rate	<b>7.55%</b>	6.8%

**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 yearend. 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 2018	As at 31 Mar 2017
<b>Change in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	<b>39.63</b>	42.87
Current services cost	<b>(5.21)</b>	(3.24)
Benefits paid	<b>(0.00)</b>	(9.29)
Actuarial (gains) / Losses on obligation	<b>5.21</b>	6.05
Closing defined benefit obligation	<b>44.84</b>	39.63
<b>Assumptions</b>		
Salary Rise	<b>5%</b>	5%
Attrition rate	<b>7%</b>	7%
Discount rate	<b>7.55%</b>	6.8%

**d) Amount recognised in statement of other comprehensive income (OCI):(gross)**

	For the year 2017-18	For the year 2016-17
Re-measurement for the year - Obligation gain	<b>14.21</b>	27.27

- e. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- f. The expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.



**SURYAJYOTI SPINNING MILLS LIMITED****Notes on Financial Statements for the year 2017-18**

Rs in Lacs

**30. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

PARTICULARS	As at Mar 31,2018	As at Mar 31,2017	As at Mar 31,2016
i) The principal amount and the interest due thereon (to be shown separately) Remaining unpaid to any supplier as at the end of each accounting year	10.98 --	12.17 --	15.96 --
ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	--	--	--
iii) The amount of interest due and payable for the period of delay in Making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	--	--	--
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	--	--	--
v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	--	--	--

**31. Related Party Transactions:****(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
Umabai 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 2018 (Rs. In Lakhs)			31 March 2017 (Rs. In Lakhs)		
	KMP	Others	Total	KMP	Others	Total
<b>Unsecured Loans</b>	--	--	--	--	--	--
Purchases	--	--	--	--	--	--
Sales	--	--	--	--	--	--
Rent	--	--	--	--	--	--
Remuneration	--	--	--	--	--	--


**Notes on Financial Statements for the year 2017-18**
**(c) Balances with Related Parties as on 31 Mar 2018**

Rs in Lacs

Particulars	31 March 2018 (Rs in Lakhs)			31 March 2017 (Rs. In Lakhs)		
	KMP	Others	Total	KMP	Others	Total
Investments	--	--	--	--	--	--
Unsecured Loans	400.00	--	400.00	400.00	--	400.00
Outstanding Exp	42.79	1.20	43.99	109.96	1.20	111.16

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

**32. Remuneration to statutory auditors (Exclusive of Service Tax)**

Particulars	For the year ended 31 March 2018 (Amount Rs)	For the year ended 31 March 2017 (Amount Rs)
(a) Statutory Audit Fees	400,000	600,000
(b) Tax Audit Fees	150,000	300,000
(c) Certification fees	--	--
	550,000	900,000

**33. Imported and indigenous raw materials, stores and spares and lab chemicals consumed**
**34. Foreign Currency Transactions:**

Particulars	31 March 2018 Amount	31 March 2017 Amount
<b>CIF Value of Imports</b>		
(a) Raw Material/stores	--	21.78
<b>Foreign Exchange Inflows</b>		
(a) Sale of Finished Goods (FOB Value)	--	1704.00
<b>Foreign Exchange Outflows</b>		
(a) Travelling Expenses	--	--
(b) Commission on Exports	--	--
(c) Interest Paid	--	--
(d) Repayment of Loans	--	--

- 35.** 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 Ind-AS-12 issued by ICAI is thus is not considered as a matter of prudence.
- 36.** 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.2442.83 Lakhs for bad and doubtful debts.



37. 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 and filed application in DRT, Hyderabad 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.26939.32 Lakhs upto Mar 31, 2018.

38. Over the last few years, the Company has been incurring losses and as at March 31, 2018 the accumulated losses amounting to Rs.18382.05 lakhs (31st March, 2017 Rs.12307.80 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. However, 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.

### 39. Segment Reporting

The Company is engaged in the manufacture of Textiles, which in the context of Ind AS 108 is considered only business segment.

### 40. Significant accounting judgments, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### (A) Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

##### (i) Lease commitments - the Company as lessee

The Company has entered into leases for office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

#### (B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (i) Defined employee benefit plans

The cost of the defined benefit gratuity plan/compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note ---.

**41. Fair Values:**

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**42. Financial risk management objectives and policies****(i) Financial Risk Management Framework**

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

**(ii) Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs.1073.10 lakhs, Rs.3140.96 lakhs and Rs.9409.03 lakhs as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively, being the total of the carrying amount of balances with trade receivables.

**Trade receivables**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified and customer in number contributes to around outstanding trade receivable as of March 31, 2018, March 31, 2017 and April 01,2016.

Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.



**(iii) Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. However, the company's liquidity risk is high due to continuous operational losses during the last couple of years and the company is contemplating to mitigate the risk by negotiating with the Banks for a possible one time settlement scheme for reducing the borrowings, which in turn will improve the liquidity.

**(iv) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk as on date is primarily on account of market changes in the prevailing selling prices of the finished goods and raw materials.

**(v) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Company's debt obligation are under settlement as on date, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

**(iv) Foreign Currency exchange rate risk**

At present, the company is operating in the domestic market only and as such the fluctuation in foreign currency exchange rates does not have potential impact on the statement of profit or loss and other comprehensive income and equity.

**43. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by Equity plus net debt. Net debt consists of borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

Particulars	As at 31 Mar 2018	As at 31 March 2017
Borrowings including interest accrued on borrowings	<b>65,718.43</b>	64,171.45
Trade and Other payables	<b>20,989.67</b>	17,715.28
Other Liabilities	<b>2,100.27</b>	812.46
Less : cash and short-term deposits	<b>(3,936.48)</b>	(11,070.06)
Net Debt	<b>84,871.89</b>	71,629.13
Equity	<b>2,287.03</b>	2,167.12
Other Equity	<b>86,148.58</b>	64,283.25
Total Equity	<b>88,435.61</b>	66,450.37
Equity and Net Debt	<b>1,73,307.50</b>	1,38,079.50
Gearing Ratio	<b>0.49</b>	0.52

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that



## Notes on Financial Statements for the year 2017-18

Rs in Lacs

define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been breaches in the financial covenants of interest-bearing loans and borrowing in the current period.

### 44. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2018, are the first set of financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### Exemptions applied

Ind AS-101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. The Company has applied the following exemptions:

- (a) As per Ind-AS 20, benefit of a government loan at nil or below-market rate of interest (e.g. interest free sales tax deferral scheme) is treated as a government grant. A first time adopter can apply requirements in Ind-AS 109 prospectively or retrospectively to government loans existing at the date of transition to Ind-AS. Accordingly, the Company has chosen to use Indian GAAP carrying values as its carrying value under Ind-AS and apply principles of Ind-AS 109 prospectively.
- (b) The Company has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition.
- (c) The Company applied Ind-AS 102 Share-based payment to equity instruments that remain invested as of transition date. The Company has elected to avail this exemption and apply the requirements of Ind-AS 102 to all such grants. Accordingly, these options have been measured at fair value as against intrinsic value previously under IGAAP.
- (d) Ind-AS 101 requires a first-time adopter to apply de-recognition requirements in Ind-AS 109 prospectively to transactions occurring on or after the date of transition to Ind-AS. Accordingly, the Company continues to de-recognise the financial assets and financial liabilities for transactions, which have occurred before the date of transition to Ind-AS.
- (e) The Company has elected to avail Ind-AS 101 exemption with regard to Long Term Foreign Currency Monetary Items and may continue to adopt for accounting for exchange differences arising from translation of long-term foreign currency monetary items to be recognised in financial statements.
- (f) Under Ind-AS 109, at initial recognition of a financial asset, an entity may take irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial asset as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind-AS. Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind-AS.

#### Estimates

The estimates as at April 01, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2016 (transition date), March 31, 2017 and March 31, 2018.



# SURYAJYOTI SPINNING MILLS LIMITED

## Notes on Financial Statements for the year 2017-18

Rs in Lacs

### A. RECONCILIATION OF EQUITY AS AT APRIL 1, 2016 (date of transition to Ind-AS)

Description	Note No	As per Previous GAAP	Adjustment	As per Ind-AS
<b>ASSETS</b>				
<b>Non Current Assets:</b>				
Property, Plant & Equipment		20,095.60		20,095.60
Capital Work in Progress		--		--
Intangible Assets		--		--
Financial Assets				
- Investment		0.26		0.26
- Loans		--		--
- Others		619.18		619.18
Income Tax Assets (Net)		631.56		631.56
Other Non-Current Assets		--		--
<b>Sub-Total</b>		<b>21,346.60</b>		<b>21,346.60</b>
<b>Current Assets:</b>				
Inventories		3,318.22		3,318.22
Financial Assets				
- Trade Receivables	a	3,071.31		3,071.31
- Cash & Cash Equivalents		31.28		31.28
- Loans		75.19		75.19
- Others		70.02		70.02
Other Current Assets		2,445.14		2,445.14
<b>Sub-Total</b>		<b>9,011.16</b>		<b>9,011.16</b>
<b>Total Assets</b>		<b>30,357.76</b>		<b>30,357.76</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity:</b>				
Equity Share Capital		1,965.62		1,965.62
Other Equity	b	(11,484.50)	(664.15)	(12,148.65)
<b>Sub-Total</b>		<b>(9,518.88)</b>		<b>(10,183.03)</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities:</b>				
Financial Liabilities				
- Borrowings		3,931.28		3,931.28
Net Employee Defined Benefit Liabilities		193.50		193.50
<b>Sub-Total</b>		<b>4,124.78</b>		<b>4,124.78</b>
<b>Current Liabilities:</b>				
Financial liabilities				
- Borrowings	a	14,605.35		14,605.35
- Trade Payables				
- Total outstanding dues of MSMEs		12.17		12.17
- Total outstanding dues of creditors other than MSMEs		4,557.85		4,557.85
- Other financial liabilities	b	14,953.18	664.15	15,617.33
Other Current Liabilities		1,593.58		1,593.58
Net Employee Defined Benefit Liability		29.73		29.73
<b>Sub-Total</b>		<b>35,751.86</b>		<b>36,416.01</b>
<b>TOTAL LIABILITIES</b>		<b>30,357.76</b>		<b>30,357.76</b>





**B. RECONCILIATION OF EQUITY AS AT MARCH 31, 2017 (date of transition to Ind-AS)**

Description	Note No	As per Previous GAAP	Adjustment	As per Ind-AS
<b>ASSETS</b>				
<b>Non Current Assets:</b>				
Property, Plant & Equipment		20,095.60		20,095.60
Capital Work in Progress		--		--
Intangible Assets		--		--
Financial Assets				
- Investment		0.26		0.26
- Loans		--		--
- Others		619.18		619.18
Income Tax Assets (Net)		631.56		631.56
Other Non-Current Assets		--		--
<b>Sub-Total</b>		<b>21,346.60</b>		<b>21,346.60</b>
<b>Current Assets:</b>				
Inventories		3,318.22		3,318.22
Financial Assets				
- Trade Receivables	a	3,071.31		3,071.31
- Cash & Cash Equivalents		31.28		31.28
- Loans		75.19		75.19
- Others		70.02		70.02
Other Current Assets		2,445.14		2,445.14
<b>Sub-Total</b>		<b>9,011.16</b>		<b>9,011.16</b>
<b>Total Assets</b>		<b>30,357.76</b>		<b>30,357.76</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity:</b>				
Equity Share Capital		1,965.62		1,965.62
Other Equity	b	(11,484.50)	(851.27)	(12,335.77)
<b>Sub-Total</b>		<b>(9,518.88)</b>		<b>(10,370.15)</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities:</b>				
Financial Liabilities				
- Borrowings		3,931.28		3,931.28
Net Employee Defined Benefit Liabilities		193.50		193.50
<b>Sub-Total</b>		<b>4,124.78</b>		<b>4,124.78</b>
<b>Current Liabilities:</b>				
Financial liabilities				
- Borrowings	a	14,605.35		14,605.35
- Trade Payables				
- Total outstanding dues of MSMEs		12.17		12.17
- Total outstanding dues of creditors other than MSMEs		4,557.85		4,557.85
- Other financial liabilities	b	14,953.18	851.27	15,804.45
Other Current Liabilities		1,593.58		1,593.58
Net Employee Defined Benefit Liability		29.73		29.73
<b>Sub-Total</b>		<b>35,751.86</b>		<b>36,603.13</b>
<b>TOTAL LIABILITIES</b>		<b>30,357.76</b>		<b>30,357.76</b>





**C. RECONCILIATION OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

Description	Note No	As per Previous GAAP	Adjustment	As per Ind-AS
<b>INCOME:</b>				
Revenue from Operations (Gross)	c	12,620.09	(0.01)	12,620.10
Other Income		205.46		205.46
<b>Total Revenue</b>		<b>12,825.55</b>		<b>12,825.56</b>
<b>EXPENSES:</b>				
Cost of Material Consumed		8,525.42		8,525.42
Increase/(Decrease) in WIP and FG		5,799.15		5,799.15
Excise Duty on Sales	c	--	0.01	0.01
Employee Benefit Expenses	d	1,954.37	21.22	1,975.59
Other Expenses		7,707.03		7,707.03
Depreciation/Amortisation		1,469.26		1,469.26
Finance Costs	b	180.13	187.12	367.25
<b>Total Expenses</b>		<b>25,635.37</b>		<b>25,843.71</b>
<b>Profit Before Tax</b>		<b>(12,809.81)</b>		<b>(13,018.15)</b>
Tax Expenses				
- Current Tax		--		--
- Deferred Tax Charge		95.73		95.73
Total Tax Expense		95.73		95.73
<b>Profit for the Year</b>		<b>(12,905.54)</b>		<b>(13,113.88)</b>
<b>OTHER COMPREHENSIVE INCOME(OCI)</b>				
OCI not to be reclassified to statement of Profit and Loss in subsequent periods:				
Re-measurement gains / (losses) on employee defined benefit plans	d	--	21.22	21.22
Total OCI for the year, net of Tax		--	21.22	21.22
<b>Total Comprehensive Income for the year, net of Tax</b>		<b>(12,905.54)</b>		<b>(13,092.66)</b>

**D. Notes to reconciliation of equity as at April 01, 2016 and March 31, 2017 and profit or loss for the year ended March 31, 2017**

a. Bill discounting with Banks

The company had discounted certain export bills under recourse method. The Company was de-recognising the same under Previous GAAP. As per Ind AS109, "if the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset". As the bills were discounted under recourse method, the Company has recognised both receivable and borrowings.

b. Other Equity

The unpaid dividend on Preference shares was treated as contingent liability and shown in the Notes to Accounts as per previous GAAP. However, as per Ind-AS, the non-convertible Preference shares are to be considered as Borrowings and accordingly, the unpaid dividend on Preference shares

**Notes on Financial Statements for the year 2017-18**

Rs in Lacs

were shown under Current Liabilities and adjusted to retained earnings. The dividend for the year is charged to Statement of Profit and Loss under Finance Costs.

c. Excise Duty on sale of Goods

As per Previous GAAP, excise duty should be included and shown as reduction from the gross turnover on the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty. This resulted in increase of revenue and increase of excise duty expense to an extent of 0.01 lakhs. Further, amounts collected by the seller on behalf of the government are not be included as part of the revenue as per IND-AS 18.

d. Re-measurement of actuarial gains/ (losses)

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost has reduced by Rs.21.22 lakhs and re-measurement gains on defined benefit plans have been recognized in the OCI.

e. Deferred Tax Liabilities

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Previous GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in other equity.

f. Revenue

Trade discounts allowed to an extent of Rs.NIL lakhs shown as an expense in Previous GAAP is adjusted against revenue as per Ind -AS 18.

g. Other comprehensive income

As per Ind AS, the company translated Previous GAAP profit or loss to total comprehensive income.

h. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

**45.** Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date  
for ATHOTA & CO.,  
Chartered Accountants  
Firm Registration No.004828S

For and on behalf of the Board of Directors

**Athota Chennaiah**  
Partner  
Membership No.029461

**R K Agarwal**  
Managing Director  
& C.E.O

**A K Agarwal**  
Executive Director  
& C.F.O

Place : Hyderabad  
Date : 30.05.2018



**SURYAJYOTI SPINNING MILLS LIMITED**

**SURYAJYOTI SPINNING MILLS LTD**

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

Website: [www.suryajyoti.com](http://www.suryajyoti.com), Email: [info@suryajyoti.com](mailto:info@suryajyoti.com)

**ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I/We hereby record my/our presence at the **35<sup>th</sup> ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, the **29<sup>th</sup> day of September 2018 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 Form 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 : L18100TG1983PLC03961  
 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, Secunderabad - 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 35<sup>th</sup> Annual General Meeting of the Company, to be held on the **29<sup>th</sup> day of September, 2018 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 <sup>st</sup> March 2018, 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. Ravinder Kumar Agarwal

Signed this..... day of September, 2018

Signature of shareholder \_\_\_\_\_



Signature of Proxy holder(s) \_\_\_\_\_

**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.



**SURYAJYOTI SPINNING MILLS LTD**

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

Website: [www.suryajyoti.com](http://www.suryajyoti.com), Email: [info@suryajyoti.com](mailto:info@suryajyoti.com)

**FORM No. MGT-12: POLLING PAPER**

(Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014)

**BALLOT PAPER**

Name of the first named shareholder (in Block letters)	
Postal Address	
Registered Folio No./*Client ID No. (*Applicable to investors holding shares in dematerialized form)	
Class of shares	Equity

I hereby exercise my vote in respect of the ordinary / special resolutions for the business enumerated below and as stated in the Notice of 35<sup>th</sup> Annual General Meeting of the Company to be held on **Saturday, September 29, 2018 at 11.30 a.m.** by recording my/ assent or dissent to the said resolution by placing tick (√) at the appropriate box below:

S. No.	Particulars	No. of shares held by me	I/we assent to the resolution (FOR)	I/we dissent to the resolution (AGAINST)
	<b>Ordinary Business</b>			
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 <sup>st</sup> March, 2018 and the Reports of the Directors and Auditors thereon			
2	To appoint a director in place of Sri Ravinder Kumar Agarwal, who retires by rotation and, being eligible offers himself for re-appointment			

Place:

Date:

\_\_\_\_\_  
Signature of the member





**PRINTED MATTER**

If undelivered, please return to:



**SURYAJYOTI SPINNING MILLS LTD**

**CIN : L18100TG1983PLC003961**

**Corp. Office:**

7<sup>th</sup> Floor, Surya Towers, 105, S.P.Road,

Secunderabad – 500 003, Telangana

Ph: 040 -27810086/4265

Website: [www.suryajyoti.com](http://www.suryajyoti.com), Email: [info@suryajyoti.com](mailto:info@suryajyoti.com)