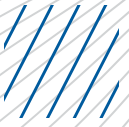


BUILT WITH TRUST.



Suryalakshmi
Cotton Mills Limited

Annual Report
2018-19





Our company was built on Trust – The trust in our commitment to rise above every challenge that is thrown at us, the trust that we have in our employees and their unwavering devotion to delivering their best, and the trust that we have built, with our esteemed clients.

The recent times have been challenging to say the least. The textile industry faced a big blow due to the de-monetization and that meant a lot of struggles.

But then, aren't tough times the best opportunity to grow?

We take these times in our stride and continue undeterred on our path with a renewed zest. We are investing our time in building a business model that would continue to optimize our performances and sustain our profitability in the years to come.

We will relentlessly put in all our efforts in maintaining Suryalakshmi's position as one of the largest players in the country's denim manufacturing industry.

Forward Looking Statement

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual results deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Certification & Qualifications



Supplier Ethical Data Exchange (SEDEX)



ISO 14001:2004 Certification



Sedex Members Ethical Trade Audit (SMETA)



ISO 9001:2008 Certification



Business Social Compliance Initiative (BSCI)



OEKO-TEX® Standard 100 Certification

CONTENTS

Strategic Overview

02

➤ About us

09

➤ Segment Snapshot for FY 2019

04

➤ Chairman's Message

10

➤ Corporate Sustainability

06

➤ Our Presence

12

➤ Corporate Information

08

➤ Financial Performance

Statutory Reports

13

➤ Directors' Report

50

➤ Management Discussion & Analysis

19

➤ Corporate Governance Report

Financial Statements

58

➤ Independent Auditors' Report

68

➤ Cash Flow Statement

66

➤ Balance Sheet

70

➤ Statement of Changes in Equity

67

➤ Statement of Profit and Loss

71

➤ Notes forming part of the Financial Statements

109

➤ Notice

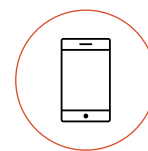
This annual report is available in the following formats:



Print



Online



Smartphones

ABOUT US

One of India's largest denim manufacturers, Suryalakshmi Cotton Mills Limited ('Suryalakshmi'), is an established Original denim manufacturer serving customers across 31 countries and in India.

Over the years, we have evolved from being a yarn manufacturer to a company having presence across the textile value-chain right from manufacturing of yarn to denim cloth to garments, we leverage our technological competencies to manufacture the finest yarns, premium denim and garments for customers across the world.



VISION

To become a global leader and preferred partner in textile manufacturing by leveraging long-term growth opportunities and creating superior value for all stakeholders



MISSION

To be one of the top global players in the fashion industry, bringing inspiration and innovation to every fabric and garment we create.



VALUES

Customer first

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

Integrity

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

Responsibility

We pay attention to what we create, how we create it and the way it impacts people and the environment.

People welfare

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

Innovation-led design thinking

We leverage design thinking and technology innovation for delivering fast fashion to our customers. We exercise the highest levels of professionalism in our work & relationships and are committed to continuous improvement in our pursuit of excellence.



5+

Decades of experience in the industry

55.94%

Promoter shareholding as on 31st March, 2019

1994

The year of listing at BSE

CHAIRMAN'S MESSAGE

**Dear
Shareholders,**

At Suryalakshmi, our endeavour has always been to retain long-term value, to resist complacency and to strive for a better tomorrow. However, we are disappointed to have broken our legacy of uninterrupted growth.



The year that went by was without question a very challenging year in many respects. On global prospects, two of the largest economies in the world, the US and China were engaged in trade war, having major impact on the global trade. Moreover, the global economic growth was hampered by geopolitical uncertainties in some countries, slower than expected growth rate in developed economies, vulnerability to volatile capital inflows in emerging markets and oil price fluctuations.

However, the Indian economy remained one of the least affected economies from these global uncertainties. However, the several factors on domestic front like muted growth in agricultural sector, widening fiscal deficit, slowdown in consumption, especially in the rural areas, tepid increase in investments and muted exports did affect the GDP of the country. The subdued growth of 6.8% for FY19, with a low of 5.8% in Q4 reflected the weak investment sentiments. Nevertheless, the country continues to emerge as the fastest growing major economy and notched 23 places up to reach 77th position in World Bank's Ease of Doing Business 2018.

The textile industry holds a vital position in the Indian economy contributing significantly in the export earnings. Over the years, the industry has experienced challenges in the domestic as well as exports market post GST implementation and demonetisation. The after-effects of demonetisation are yet to stabilise for our sector, as there is an imbalance seen in the dynamics of domestic supply vis-à-vis demand.

The growth in textile and apparel market has been slower and, Denim market has been affected by the excess capacity in the industry. The Garment Industry is facing the problem of cheaper imports from neighboring countries of late. Recently, the denim manufacturers have been focussing more on sustainability in order to tackle environmental issues. In my view, the most devastating situation in the long-term is the fact that carbon emissions continue to rise worldwide and that the exploitation of our ecosystems continues to progress.

In the given market environment, our resilience has allowed us to ride through several tough business cycles in the past and we will do the same again. We have been proactively positioning ourselves through significant capital investment into our people, customer experience, our brand, information systems, supply chain and distribution centre to retain our market position despite slowdown in financial parameters.

We have also revised our strategies that will enable us to resume our growth trajectory, create value for our customers, provide healthy returns on equity and reduce our environmental footprints. Our facilities are being upgraded to remain at the forefront of technology, while investing to expand capacities and backward integration of key inputs. This will enable us to stay competitive in tough market conditions as well as empower us to deliver high-quality cost competitive products. We are continuously investing in R&D as well to aptly deal with the trends in the fashion industry. Towards that end, we are also joining hands with leading designers from Europe and Asia.

At Suryalakshmi, we are privileged to have an experienced and diversely skilled leadership team which is passionately engaged in the business, whose wisdom and insights will help us not only to achieve our short-term performance objectives, but also to realise our vision to become a global leader and preferred partner in textile manufacturing. **You will observe, the company's results have been adversely affected by the workers' agitation at Denim Division, which resulted in a lockout, lasting for well over 4 months. I am happy to report that the lockout has since been lifted and we are now working with renewed vigour to make up for the lost time.**

As we look to FY 2020 and beyond, one thing that's certain is change. We are committed to grow our business in the domestic market as well as in newer geographies globally. External factors have set us back but we are taking a long-term view and are determined to exploit the opportunities that exist to our advantage. Going forward, we see opportunities for us to perform better, regain market share and continue our historical growth path.

Lastly, I am thankful for the loyalty of our customers, the trust of our shareholders and the passion of our people. I also thank my fellow Board members for their continuous support and we all look forward to building a brighter FY 2020.

Regards,

L N Agarwal
Chairman

OUR PRESENCE

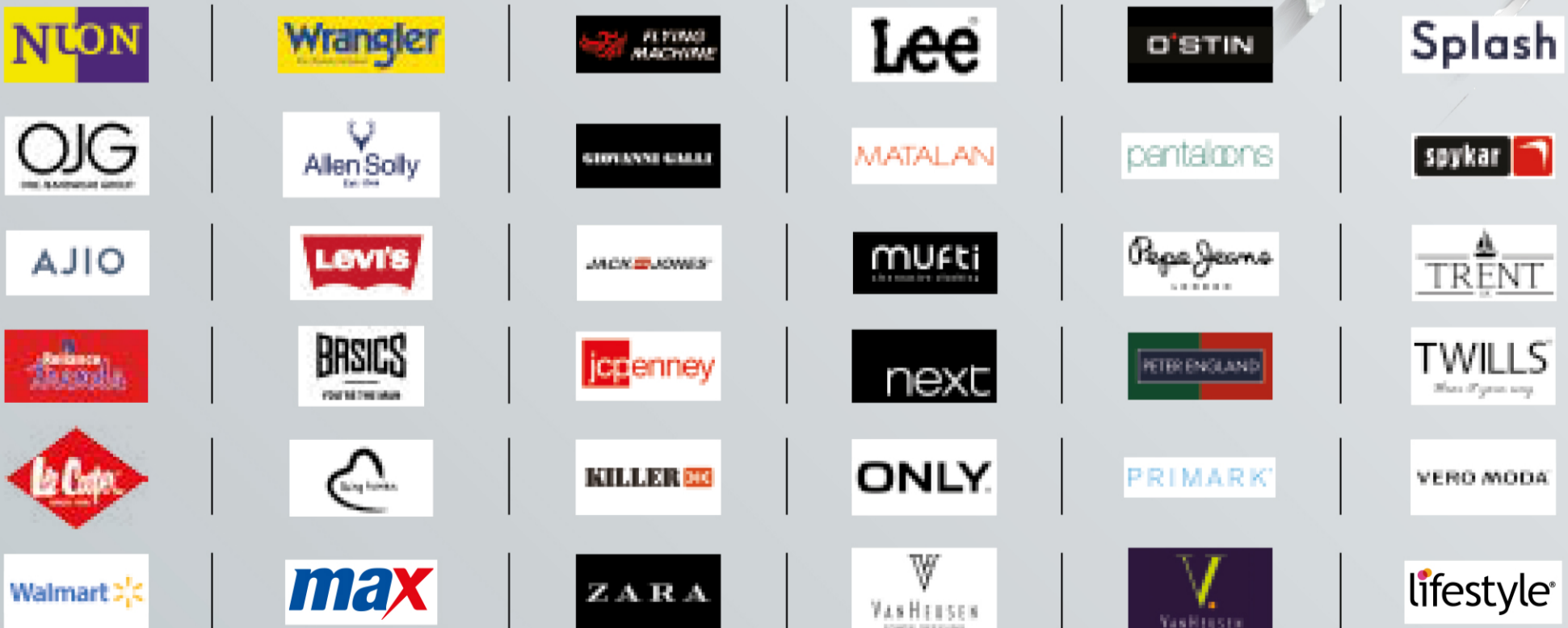


List of countries where we are present across the globe

- | | | | | | |
|--------------|---|----------------|---|--------------|---|
| 1 Bangladesh |  | 12 Iran |  | 23 Spain |  |
| 2 Cambodia |  | 13 Italy |  | 24 Sri Lanka |  |
| 3 Canada |  | 14 Jordan |  | 25 Tanzania |  |
| 4 China |  | 15 Lesotho |  | 26 UAE |  |
| 5 Colombia |  | 16 Madagascar |  | 27 UK |  |
| 6 Egypt |  | 17 Malaysia |  | 28 Venezuela |  |
| 7 Ethiopia |  | 18 Mexico |  | 29 Vietnam |  |
| 8 Guatemala |  | 19 Nicaragua |  | 30 Thailand |  |
| 9 Hong Kong |  | 20 Peru |  | 31 Mauritius |  |
| 10 India |  | 21 Portugal |  | 32 Kenya |  |
| 11 Indonesia |  | 22 South Korea |  | | |



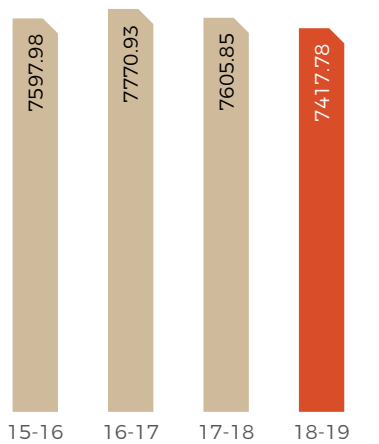
Our Clientele



FINANCIAL PERFORMANCE

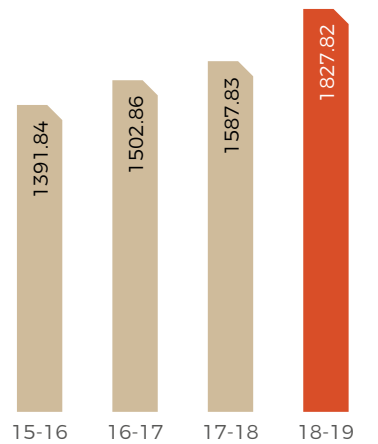
Revenue from operations

(₹ in million)



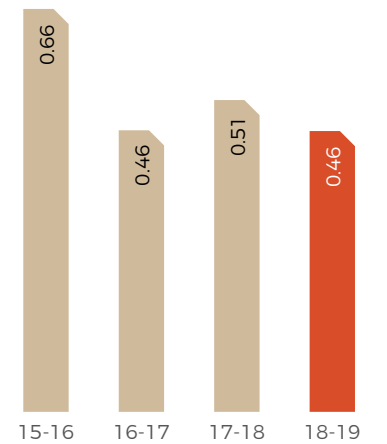
Exports

(₹ in million)



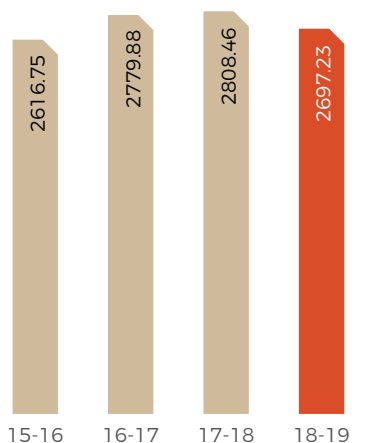
Net debt to Equity ratio

(in times)



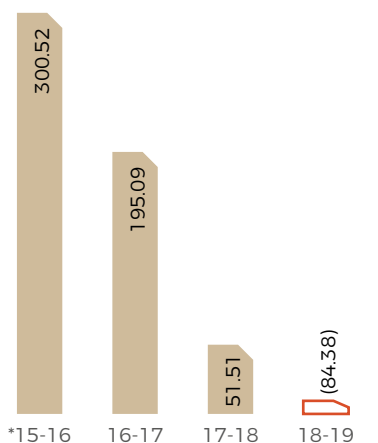
Net worth

(₹ in million)



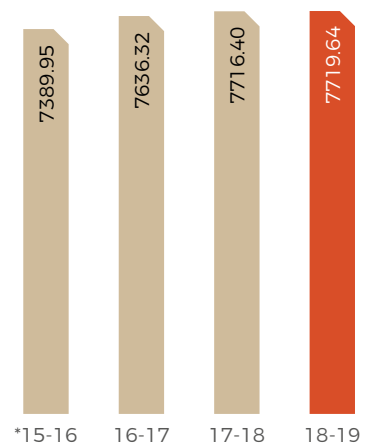
PAT

(₹ in million)



Gross Block

(₹ in million)



* Under previous GAAP, excluding Revaluation Reserve

SEGMENT SNAPSHOT FOR FY 2019



Yarn

86352

➤ Spindles Installed Capacity

92%

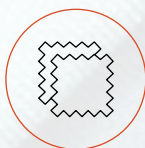
➤ Capacity Utilization

46.55%

➤ Share in total revenue

₹3452.90mn

➤ Revenue from operations



Fabric

40

➤ Million meter Installed Capacity

84%

➤ Capacity Utilization

43.15%

➤ Share in total revenue

₹3200.74mn

➤ Revenue from operations



Garments

7000

➤ Garments Installed Capacity

74%

➤ Capacity Utilization

10.30%

➤ Share in total revenue

₹764.14mn

➤ Revenue from operations

CORPORATE SUSTAINABILITY

At Suryalakshmi, sustainability is the cover value. We continue to further embed sustainability across all of our business activities, both in respect of our responsibility to reduce our environmental footprint and to help our partners, including suppliers and customers, to do the same. In addition to sustainable manufacturing, we support the communities in which we operate through various interventions with our stakeholders including employees and society at large. Our initiatives are aimed at improving the quality of life and lifting the well-being of all.



Employee health and safety

One of our key priorities include employee's health and safety at work. We strive to be an incident- and injury-free company. We believe that at the end of the day, people should leave work exactly as they came, if not better. As a result, we have implemented various systems including regular mock drills and mandatory wearing of safety gear across all our manufacturing units. We even conduct various safety training programmes on a regular interval to ensure all the employees are updated about various health and safety measures.

02

Environment

We are well aware about the impact of our operations on the environment. Our areas of focus for environmental sustainability includes waste management, water stewardship and reducing carbon emission. We constantly assess our material environmental concerns and undertake appropriate mitigation measure through holistic policies and practices. Through our captive power plant and solar power plant we try to achieve energy efficiency and through efficient water management we try to maintain zero discharge of water in the production process.

03

Promoting Diversity

We strive to create a work environment that promotes inclusion and diversity. Our inclusion and diversity activities are focused on improving the gender mix at all levels of organization in order to boost innovation and growth and creating an inclusive work environment where each employee contributes their 100%. Our 3873 employees represent a diverse group of people coming from various, regions and having different educational backgrounds enabling us to promote equality and diversity at our facilities.

04

Giving back to the society

Every year, we invest a percentage of our revenue towards uplifting the society in which we operate. Our CSR activities revolve around improving the quality of education, improving the health of the society by conducting health awareness programs, promoting development of traditional arts, encouraging sports by sponsoring interested students, preserving the natural resources and making contributions towards animal welfare and plantation. During the year under review, we renovated government schools in the backward areas as our contribution to promote education and encourage young minds to attend school.

The Garment Division of the Company was awarded sustainable Organisation of the Year 2019 award

Zero

➤ Water discharge through our process

65:35

➤ Gender mix ratio

3

➤ Schools renovated during FY 2018-19

CORPORATE INFORMATION

Board of Directors

Sri L.N. Agarwal

Chairman and Managing Director

Sri Paritosh K. Agarwal

Managing Director

Sri R. Surender Reddy

Director

Sri V. V. S. Ravindra

Nominee - IDBI

Sri Navrang Lal Tibrewal

Director

Sri R.S. Agarwal

Director

Smt. Padmini Agarwal

Whole time Director

Sri Dhruv Vijai Singh

Director

Dr. G. Vivekanand

Director



Company Secretary

Sri E.V.S.V. Sarma



President (Finance)

Sri P.S. Subramanyam



Statutory Auditors

M/s. K.S. Rao & Co., Hyderabad
Flat No.601A, Golden Green
Apartments, Irrum Manzil Colony,
Hyderabad-500082
Tel: (040) 23373399
Email: ksraoandcompany@gmail.com



Cost Auditors

Aruna Prasad & Co., Chennai



Bankers

State Bank of India
Industrial Finance Branch, Hyderabad

IDBI Bank Limited
Saidapet, Chennai.

Andhra Bank,
Somajiguda, Hyderabad.

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

EXIM Bank,
Rajbhavan Road, Hyderabad.

Axis Bank Limited
Begumpet Hyderabad.

The South Indian Bank Limited,
Corporate Branch, Hyderabad.



Factories

Yarn Divisions

Amanagallu Ranga Reddy Dist.
Telangana - 509 321

Amravati, Addl. Amravati Indl. Area,
Textile Zone, Nandgaon Peth, Tuljapur
Village, Talkhana, Dist. Amravati.
Maharashtra - 440 010.

Denim Division

Ramtek Mauda Road
Village Nagardhan, Tehsil Ramtek
Nagpur, Maharashtra - 440 010.

Garment Division

Thummaluru Village, Maheswaram
Mandal, Ranga Reddy Dist.,
Telangana - 501 359

Power Plant

Village Nagardhan, Tehsil Ramtek,
Nagpur, Maharashtra - 440 010



Registered Office

6th Floor, Surya Towers
105, S.P. Road
Secunderabad - 500 003
Tel.Nos. (040)
27819856/57/27885200/27846854
Website : www.suryalakshmi.com
CIN: L17120TG1962PLC000923



Registrar and Transfer Agent

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



DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present their Fifty Sixth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2019.

Financial Results

	(₹ in Lakhs)	
	2018-19	2017-18
Gross Profit before Interest & Depreciation	4866.16	6841.13
Less : Interest	3734.86	3897.72
: Depreciation & Amortisation expense	2576.08	6310.94
Profit/(Loss) before prior year Adjustment	(1444.78)	55.68
Exceptional Items *	19.05	215.84
Profit / (Loss) before tax for the year	(1425.73)	271.52
LESS : Provision for Income Tax for the year	-	63.44
LESS : Deferred tax liability	(581.90)	(306.97)
Profit / (Loss) after tax	(843.83)	515.05
ADD : Profit brought forward from last year / retained earnings	12604.42	12390.03
LESS : opening stock Revaluation difference	(237.14)	-
	11523.45	12905.08
Dividend on Equity share capital	-	166.72
Corporate Dividend Tax	-	33.94
Transferred to General Reserve	-	100.00
Profit transferred to balance sheet	11523.45	12604.42

* Exceptional item of the current year includes Profit on sale of assets of ₹42.51 lakhs, Loss on sale of assets ₹15.45 lakhs, Refund of Regulatory Liability charges excess charged by MSEDCIL in previous year ₹54.99 lakhs and Excess Provision of Interest Income till December, 2018 written back of ₹63 lakhs.

(Previous year exceptional item includes GST transition input credit availed on finished goods and work in process of ₹153.39 lakhs, profit on sale of assets 38.33 lakhs and Excess Provision written back of ₹24.12 lakhs).

OPERATIONS

During the year under review, the Company registered a marginal decline in the turnover at ₹742 crores. The adversities that affected the denim industry continue to plague the industry this year as well. This year, the Company was additionally affected by the agitation for enhanced wages of the workers in Denim Division, Ramtek from 2nd week of February, leading to declaration of lock out by the Company.

The cumulative effect of these factors has been the loss of around ₹8.44 crores. The performance of spinning division was relatively better because of an improved realization. There has been no improvement in the viability of the power plant.

The denim exports have been slightly better, though the margins are under pressure due to intense competition.

DIVIDEND

In view of the loss, the Board regrets its inability to recommend a dividend for the year 2018-19.

CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of ₹352.61 Lakhs.

EXPORTS

The growth in exports of 14% in value terms has been the only silver lining in the current depressed markets. The sluggish domestic markets has intensified the competitiveness in the export markets, thus putting the margins under pressure. In this trying scenario, the Company has been going all out to develop innovative fabrics with particular emphasis on cost optimization fabrics, which consume less water, chemicals and use of recycled fibre / yarn. The Company has been continuing its exports to international brands and is also supplying its fabric in North / South America / Africa / Asian markets. The lockout is expected to be lifted soon and the Company is confident of focusing on the growth of exports with renewed vigour.

FUTURE OUTLOOK

The Company is confident of maintaining its market share. The Company plans to work out appropriate strategies to handle the new situation evolving in the international market from the tariff wars. The Company is firmly of the opinion that the new threats and the risks in the denim industry ought to be converted to opportunities for further growth.

DIRECTORS

Sri Paritosh Agarwal, Managing Director (DIN No.00008738) will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Further details about the above Director are given in the Notice for the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

During the year, Sri V.V.S.Ravindra (DIN : 01887879) has been appointed as Nominee Director by IDBI Bank Limited in the place of Sri A.Mallikarjun (DIN : 02599532). The Board wishes to place on record its appreciation for the valuable services rendered by Sri A.Mallikarjun.

During the year under review Sri R.Surender Reddy was reappointed as Independent Director for the second consecutive term of 5 years from 01/04/2019 through a Postal Ballot. Also the necessary approvals for the continuation of the appointment of Sri R.S.Agarwal and Sri Navrang Lal Tibrewal as Independent Directors from 01/04/2019 till the end of their current terms of appointment were secured from the members in the same postal ballot.

The Board, on the recommendation of Nomination and Remuneration Committee has reappointed Sri L.N.Agarwal as Chairman & Managing Director and Smt. Padmini Agarwal as Executive Director respectively for a further period of 5 years subject to the approval of the members in the ensuing Annual General Meeting.

EVALUATION OF THE BOARD'S PERFORMANCE

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

FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

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

DECLARATION BY INDEPENDENT DIRECTORS

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

MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors was held under the Chairmanship of Sri R.Surender Reddy, Independent Director on February 11, 2019, *inter-alia* to discuss evaluation of the performance of Non-Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole.

POLICY ON APPOINTMENT & REMUNERATION OF DIRECTORS

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Executive and Non-executive Directors (by way of sitting fees and commission), Key Managerial

Personnel, Senior Management and other employees. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Directors and criteria for appointment of Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The above policy has been posted on the website of the Company at www.suryalakshmi.com.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURES UNDER THE COMPANIES ACT, 2013

i) Annual Return:

The extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in form MGT-9 is annexed to this Board's Report. (Annexure -5)

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

ii) Number of Board Meetings:

The Board of Directors met four times during the year 2018-2019. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

iii) Changes in Share Capital:

There was no change in the share capital during the year under review.

iv) Audit Committee:

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

v) Related Party Transactions:

All the related party transactions are entered into on arm's length basis and are in compliance with the applicable provisions of the Companies Act 2013 and the Listing Regulations.

There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large. Thus disclosure in Form AOC-2 is not required. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseeable and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>

vi) REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

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

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

MATERIAL CHANGES AND COMMITMENTS

The Denim unit has been under lock out and the suspension of operations at the Denim Plant has badly impacted the Company's profitability for financial year 2018-19 and also the results in the current financial year 2019-20.

CORPORATE GOVERNANCE

As per the latest Listing Regulations on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report (**Annexure - 6**). The Company has complied with the corporate governance requirements under the Companies Act, 2013 and as stipulated under the Listing Regulations. A separate section on corporate governance under the Listing Regulations, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report (**Annexure - 1**).

CORPORATE SOCIAL RESPONSIBILITY POLICY

At Suryalakshmi a major concern has been, the sincere effort by the Company to recognize the role played by the Society at large, the environment and its human resources in its sustainability and growth and to strive to discharge its social responsibility as a corporate citizen. To this end, the Company has always tried to strike a fine balance of economic, environmental and social commitments.

The sustainable stewardship mantra is not limited to philanthropy, but encompasses holistic community development and other initiatives to strengthen business sustainability. The core areas for Suryalakshmi's Corporate Social Responsibility (CSR) Programmes for this year have been health care, environment and education. Details of the projects / activities implemented by the Company are furnished in a separate **Annexure-2** to this report. The Company constituted a Committee of CSR consisting of Sri L.N.Agarwal, Sri Paritosh K. Agarwal and Sri R.Surender Reddy, with Sri L.N.Agarwal as Chairman.

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

SUSTAINABILITY AWARD

You will be happy to know that the Garment Division of the Company was recipient of **Sustainable Organisation of The Year 2019** award in the manufacturing sector.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The reconstituted Stakeholders Relationship Committee consists of following Directors.

Mr. Navrang Lal Tibrewal, Chairman (Independent Director), Sri L.N. Agarwal, member, Sri Paritosh Agarwal (member) and Sri E.V.S.V. Sarma, Compliance Officer & Company Secretary.

During the financial year, stakeholders relationship committee meeting was held on 12/11/2018.

RISK MANAGEMENT

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks viz., Trend Related Risks, Raw Material Risks, Brand / Technology Risks, Operational Quality Risks, Human Resources Risks, Regulatory Risks and Financial Risks. A Committee headed by Sri Paritosh Agarwal, Managing Director periodically reviews the risks and takes steps to mitigate identified risks.

WHISTLE BLOWER POLICY

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and employees to report to the management about unethical behaviour, fraud, violation of Company's Code of Conduct, which also ensures safeguards against victimization of those employees who seek to make use of the free access to the Audit Committee for this purpose. None of the Personnel has been denied access to the audit committee. The Whistle Blower Policy has been posted on the website of the Company at www.suryalakshmi.com.

DECLARATION ABOUT COMPLIANCE WITH THE CODE OF CONDUCT BY MEMBERS OF THE BOARD AND SR. MANAGEMENT PERSONNEL.

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

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

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

- | | |
|---|-------|
| a) No. of Complaints received | - NIL |
| b) No. of Complaints disposed off during the year | - NIL |
| c) No. of cases pending as at end of the Financial Year | - NIL |

AUDITORS

I. Statutory Auditors and their Report:-

M/s.K.S.Rao & Co., Chartered Accountants (ICAI Firm Regn.No.003109S) were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the members held on 28/08/2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Their appointment was subject to ratification by the members at every subsequent AGM held after the AGM held on 28/08/2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, such ratification is no longer necessary.

The Company has received the prescribed certificate from the Auditor regarding the continuance and the necessary consent for his appointment as Auditor.

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

II. Cost Auditor and Cost Audit Report

As per the requirements of the Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company is required to maintain cost records and

accordingly, such accounts are made and records have been maintained relating to Textile Divisions every year.

Pursuant to Section 148 of the Companies Act, 2013 the Board of Directors on the recommendation of the Audit Committee, has appointed M/s. Aruna Prasad & Co., Cost Accountants (Firm Registration No. 100883) as the Cost Auditors for the Financial Year 2019-20 and has recommended their remuneration to the shareholders for their ratification at the ensuing Annual General Meeting. M/s. Aruna Prasad Co., Cost Accountants have confirmed their appointment is within the prescribed limits and also certified that they are free from any disqualification.

III. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary in Whole-time Practice (M.No. F9268), to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2019-20. The report of the Secretarial Auditor does not contain any qualifications, reservation or adverse remarks and is annexed to this report as **Annexure -3**.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has an effective and adequate internal control systems in place commensurate with the size and complexity of the organisation. Internal and operational audit is carried by M/s.K.Vijaya Raghavan & Associates LLP, a reputed firm of Chartered Accountants. The Internal Audit system is designed to meet the statutory requirements as well as ensure proper implementation of management and accounting controls. The internal auditors submit their report to the Managing Director and also to the Audit Committee, which reviews the report and ensures that the Audit observations are attended to by the Management.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, as required to be given pursuant to provision of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed here to marked **Annexure-4** and forms part of this report.

DEPOSITS

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

COMPLIANCE WITH SECRETARIAL STANDARDS.

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

EMPLOYEES

Periodic Training programmes for developing a skilled workforce, personality development programmes, yoga camps, etc., encouragement of employee participation in district / state level sports events are regularly undertaken. An integrated woman focused program trains unskilled women to undertake skilled jobs at its units. Disclosure pertaining to the remuneration and other details as

required under Section 134 & 197(12) of the Act, and the Rules framed thereunder is enclosed as **Annexure-7** to the Board's Report.

ACKNOWLEDGEMENTS

The Board of Directors are pleased to place on record their appreciation of the cooperation and support extended by Banks and various State and Central Government Agencies. The Board also wishes to place on record its appreciation of the valuable services rendered by the employees of the Company.

for and on behalf of the Board

Date : 30th May, 2019.

Place : Secunderabad

L.N.AGARWAL

Chairman & Managing Director

Annexure - 1

CORPORATE GOVERNANCE REPORT

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

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

2. Board of Directors :

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

Name of the Director	Category	No. of other Directorships and names of Listed Companies of which he is a Director	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
Sri L.N.Agarwal DIN : 00008721	Chairman & Managing Director- Promoter/ Executive	Nil	Nil	Nil
Sri Paritosh Agarwal DIN : 00008738	Managing Director - Promoter/ Executive	Nil	Nil	Nil
Sri R.Surender Reddy DIN : 00083972	Non-Executive - Independent	SIX Listed Companies a) Suryalata Spinning Mills Limited b) Lakshmi Finance & Industrial Corporation Ltd c) Surana Solar Limited d) Bhagyanagar India Limited	6	3
Sri Navrang Lal Tibrewal DIN : 00030151	Non-Executive - Independent	Nil	Nil	Nil
Sri R.S.Agarwal DIN : 00012594	Non-Executive - Independent	FOUR Listed Companies a) The Ramco Cements Ltd. b) Ramco Industries Ltd. c) Ramco Systems Ltd	4	2
Smt. Padmini Agarwal DIN : 01652449	Executive-Promoter	Nil	Nil	Nil
Sri A. Mallikarjun* DIN No.02599532	IDBI Nominee Non-Executive	Nil	Nil	Nil
Sri V.V.S.Ravindra DIN : 01887879	IDBI Nominee Non-Executive	ONE Listed Company a) Nagarjuna Fertilizers and Chemicals Limited	Nil	Nil

Name of the Director	Category	No. of other Directorships and names of Listed Companies of which he is a Director	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
Dr.G.Vivekanand DIN No. 00011684	Non-Executive – Independent	FOURTEEN Listed Companies a) Visaka Industries Ltd.	1	0
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive – Independent	nil	nil	nil

* Nomination withdrawn by IDBI w.e.f. October 15, 2018.

Nominated by IDBI w.e.f. October 15, 2018.

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

Names of Directors	No. of Board Meetings attended during the period 1st April, 2018 to 31st March, 2019	Attendance at the last Annual General Meeting held on 29/09/2018
Sri L.N.Agarwal	4	Present
Sri Paritosh Agarwal	4	Present
Sri R.Surender Reddy	4	Present
Sri Navrang Lal Tibrewal	4	Absent
Sri R.S.Agarwal	4	Absent
Smt. Padmini Agarwal	4	Absent
Dr.Vivekanand	2	Absent
Sri Dhruv Vijai Singh	4	Absent
Sri A.Mallikarjun *	2	Absent
Sri V.V.S.Ravindra #	2	N/A

* Nomination withdrawn by IDBI w.e.f. October 15, 2018.

Nominated by IDBI w.e.f. October 15, 2018.

c) During the financial year ended March 31, 2019 - Four Board Meetings were held on 19/05/2018, 11/08/2018, 12/11/2018 and 11/02/2019.

d) Disclosure of relationships between Directors inter-se:

Names of Directors	Inter-se relationship
Sri L.N.Agarwal	Father of Paritosh K.Agarwal
Sri Paritosh K.Agarwal	Son of L.N.Agarwal
Sri Padmini Agarwal	Wife of Paritosh K.Agarwal

e) The details of shares held by the Non-Executive Directors of the Company in their individual names as on March 31, 2019 are furnished below:

Name of the Director	Designation	No. of Equity shares
Sri R.Surender Reddy	Director	28000
Sri Navrang Lal Tibrewal	Director	NIL
Sri R.S.Agarwal	Director	NIL
Sri V.V.S.Ravindra	Director	NIL
Dr. G Vivekanand	Director	NIL
Dhruv Vijai Singh	Director	NIL

f) Web link where details of familiarization programmes imparted to Independent Directors is disclosed.

<http://www.suryalakshmi.com/investor-corporate-governance.aspx>

g) A chart or a matrix setting out the skills / expertise / competence of the Board of Directors specifying the following

The list of the core skills / expertise, etc., identified by the Board of Directors as required in the context of the business(es) and sector(s) for it to function effectively and those actually available with the Board is given below.

Businesses of the Company	Core Skills / Expertise / Competencies
Yarn	a) Textile Technology - Developments / trends
Fabric	b) Cotton Markets - price trends / quality / procurement
Garment	c) Knowledge of Indian / Foreign Markets
Power	d) Fashion trends / designs
	e) Textile machinery - developments
	f) General management / Economy / Administration / strategic thinking and Government Policies.
	g) Financial Markets / Institutions
	h) Company's legal environment & implications for the Company.

h) Confirmation from the Board

The Board of Directors confirm that in the opinion of the Board, the Independent Directors fulfill the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

REAPPOINTMENT OF DIRECTORS

The details relating to appointment and re-appointment of Directors as required under regulation 36(3) of SEBI (LODR) Regulations, 2015 are provided in the Notice to the Annual General Meeting.

Profile of Sri. V.V.S.Ravindra, IDBI Nominee.

Sri. V.V.S.Ravindra, aged 54 years, holds a bachelor's degree in Chemical Engineering. He has more than 24 years of Banking Experience in IDBI Bank Limited across the areas of Corporate Finance, Merchant Banking, Project Appraisals, Infra Financing, Loan Syndication, credit Risk Management and Recovery. Sri Ravindra is presently working as General manager, NPA Management Group at IDBI Bank Ltd., Hyderabad.

3. AUDIT COMMITTEE

a. Brief description of terms of reference

- i. Oversight of Company's financial reporting process and disclosure of financial information.
- ii. Review of financial statements before submission to Board.
- iii. Review of adequacy of internal control systems and internal audit functions.
- iv. Review of Company's financial and risk management policies.
- v. Adequacy of internal financial control system in place and operating effectiveness of such controls.

b. Composition, names of members and Chairperson

- | | | | |
|------|--------------------------|---|---------------------------------------|
| i. | Sri R.Surender Reddy | - | Chairman, Non-Executive & Independent |
| ii. | Sri Navrang Lal Tibrewal | - | Member, Non-Executive & Independent |
| iii. | Sri R.S.Agarwal | - | Member, Non-Executive & Independent |
| iv. | Sri V.V.S.Ravindra | - | Member, Non-Executive - IDBI Nominee |

c. Meetings and attendance during the year

During the financial year ended March 31, 2019 - Four Audit Committee Meetings were held on 19/05/2018, 11/08/2018, 12/11/2018 and 11/02/2019.

Name	No. of the Meetings attended
Sri R.S.Agarwal	4
Sri R.Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Sri A.Mallikarjun *	2
Sri V.V.S.Ravindra #	2

* Nomination withdrawn by IDBI w.e.f. October 15, 2018.

Nominated by IDBI w.e.f. October 15, 2018.

4. NOMINATION & REMUNERATION COMMITTEE**a) Brief description of terms of reference.**

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and persons suitable to be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v. To ensure that the level and composition of remuneration involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

b) Composition, Name of members and Chairperson

1. Sri R.S.Agarwal - Chairman - Non-executive - Independent
2. Sri R.Surender Reddy - Member - Non -executive - Independent
3. Sri Navrang Lal Tibrewal - Member - Non -executive - Independent
4. Sri V.V.S.Ravindra - Member - Non-Executive - IDBI Nominee

c) Meetings and attendance during the year

During the financial year ended March 31, 2019, One Remuneration Committee Meetings was held on 11/02/2019.

d) Performance Evaluation:

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

- (i) The concerned Director should be a person of the highest integrity possessing the necessary expertise expected of the Director in his area of the specialization or general business.
- (ii) Where the Director is an Independent Director, the Director should also satisfy the requirements of independence both in letter and spirit under the Act / Regulations and does not suffer from any of the disqualifications under Act/ Regulations.

(iii) The Director should add value to the diversity of the Board and be honest and free to express his frank opinion in the ultimate interest of the Company.

(iv) The Director should take all reasonable efforts to devote his time to contribute to the deliberations of the Board.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A meeting of the Independent Directors was also held which reviewed the performance of Non-Independent Directors, Chairman and the quality of the information and follow up action is being taken on the suggestions made therein.

5. REMUNERATION OF DIRECTORS

a) All pecuniary relationships or transactions of the Non-executive Directors.

The non-executive Directors did not have any pecuniary relationships or transactions with the Company in the year under review.

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

No payments are made to Non-Executive Directors, other than sitting fees for attending Board/Committee meetings. Sitting Fees @ (for year ended 31/03/2019)

Name	Designation	Amount (₹)
Sri R.Surender Reddy	Independent Director	30000/-
Sri Navrang Lal Tibrewal	Independent Director	30000/-
Sri R.S.Agarwal	Independent Director	30000/-
Sri Dhruv Vijai Singh	Independent Director	20000/-
Dr. G.Vivekanand	Independent Director	10000/-
Sri A.Mallikarjun *	Nominee - IDBI	15000/-
Sri V.V.S.Ravindra #	Nominee - IDBI	15000/-

@ exclusive of incidental expenses

* Nomination withdrawn by IDBI w.e.f. October 15, 2018.

Nominated by IDBI w.e.f. October 15, 2018.

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

(i) All elements of remuneration package of individual Directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc;

Details of remuneration to the Executive Directors

(During 01/04/2018 to 31/03/2019) *

Name	Designation	Salary & Commission (₹ in lacs)	Perquisites (₹ in lacs)	Total (₹ in lacs)
L.N.Agarwal	Chairman & Managing Director	80.14	0.06	80.20
Paritosh Agarwal	Managing Director	70.20	0.23	70.43
Padmini Agarwal	Whole Time Director	46.80	--	46.80

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

(iii) Service contracts, notice period, severance fees - &

(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -

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

6. RISK MANAGEMENT COMMITTEE

a. Brief description of terms of reference

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

b. Composition, names of members and Chairperson

- | | | | |
|------|----------------------|---|---|
| i. | Sri Paritosh Agarwal | - | Chairman, Executive Director |
| ii. | Smt Padmini Agarwal | - | Member, Executive Director |
| iii. | Sri Siddhant Sharma | - | Member, Chief Executive Officer (Denim Divn.) |
| iv. | Sri R.L.Narayana | - | Member, President (Amanagallu Unit) |
| v. | Sri P.S.Subramanyam | - | Member, President (Finance) |

7. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

a) Name of Non-Executive Director heading the Committee

Sri Navrang Lal Tibrewal

b) Name and designation of Compliance Officer.

Sri E.V.S.V.Sarma, Company Secretary.

c) Number of Shareholders Complaints received so far.

No. of Complaints received for the 4th Quarter - 1

No. of Complaints received for the Year ended 31st March., 2019 - 2

d) Number not solved to the satisfaction of shareholders

NIL

e) Number of pending complaints.

NIL

8. GENERAL BODY MEETINGS:

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

Financial Year	Date	Venue	Time
2015-2016	28/07/2016	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2016-2017	28/08/2017	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2017-2018	29/09/2018	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.

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

1. At the AGM held on 28/07/2016 -

- (i) Reappointment and revision in the remuneration of Sri H.L.Ralhan, Director and Chief Executive (Denim Division).
- (ii) Revision in the remuneration of Sri L.N.Agarwal, Chairman and Managing Director.

- (iii) Revision in the remuneration of Sri Paritosh K. Agarwal, Managing Director.
- (iv) Revision in the remuneration of Smt. Padmini Agarwal, Wholetime Director.

2. At the AGM held on 28/08/2017 -
 - (i) Amendment in Articles of Association.
 - (ii) Ratification and Approval of Mortgage
3. At the AGM held on 29/09/2018 -
 - (i) Ratification and approve of Mortgage.

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

Special Resolutions were passed through postal ballot during the financial year ended 31/03/2019 to seek approval of the following.

As per Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for reappointment of Sri R. Surender Reddy (DIN: 00083972) as an Independent Director for a second consecutive term of five years from April 1, 2019 to March 31, 2024 and continuation of Directorship of Sri Navrang Lal Tibrewal (DIN: 00030151) and Sri R.S. Agarwal (DIN: 00012594) as Independent Directors, who have attained the age of 75 years.

Voting results

Resolution	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Approval for reappointment of Sri R. Surender Reddy as an Independent Director	Promoter and Promoter Group	9326889	6303857	67.5880	6303857	0	100.0000	0.0000
	Public- Institutions	95585	0	0.0000	00	0	0.0000	0.0000
	Public- Non Institutions	7249816	345106	4.6735	341357	3749	98.9137	1.0863
	TOTAL	16672290	6648963	72.2615	6645214	3749	198.9137	1.0863
Approval for continuation of Sri Navrang Lal Tibrewal as an Independent Director	Promoter and Promoter Group	9326889	6303857	67.5880	6303857	0	100.0000	0.0000
	Public- Institutions	95585	0	0.0000	00	0	0.0000	0.0000
	Public- Non Institutions	7249816	345206	4.7616	341484	3722	98.9218	1.0782
	TOTAL	16672290	6649063	72.3496	6645341	3722	198.9218	1.0782
Approval for continuation of Sri R.S. Agarwal as an Independent Director	Promoter and Promoter Group	9326889	6303857	67.5880	6303857	0	100.0000	0.0000
	Public- Institutions	95585	0	0.0000	00	0	0.0000	0.0000
	Public- Non Institutions	7249816	345506	4.7657	341784	3722	98.9227	1.0773
	TOTAL	16672290	6649363	72	6645641	3722	99.9440	0.0560

d) Person who conducted the postal ballot exercise

The Board appointed Sri K.V.Chalama Reddy, Company Secretary in Practice as Scrutiniser to conduct the postal ballot voting process in a fair and transparent manner.

e) Procedure for postal ballot

The Company followed the procedure for postal ballot as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014. The Scrutiniser submitted his report to the Chairman stating that the resolution has been duly passed by the members with the requisite majority.

f) Whether any special resolution is proposed to be conducted through postal ballot

No Special Resolution is proposed to be conducted through postal ballot.

9. MEANS OF COMMUNICATION.

a) Quarterly results.

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

b) Quarterly results are normally published in which newspapers

The Quarterly results are usually published in Business Standard and Nava Telangana.

c) Any website, where displayed

www.suryalakshmi.com

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

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

10. GENERAL SHAREHOLDER INFORMATION.

a) AGM : Date, Time and Venue

Date : Monday, 30th September, 2019.

Time : 10.30 A.M

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

b) Financial Year

1st April to 31st March following

c) Date of Book Closure

Saturday, 21st September, 2019 to Monday, 30th September, 2019 (both days inclusive).

Dividend Payment Date: No Dividend has been recommended.

d & e) Listing on Stock Exchanges & Stock Code

The shares of the Company continue to be listed on the Stock Exchanges at the National Stock Exchange of India Limited and BSE Limited and the Company has paid upto date all the listing fees to these exchanges.

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

f) and g) Market Price Data :

High, Low during each month in last financial year and Performance in comparison to broad - based indices such as BSE Sensex, CRISIL index, etc.

Month	NATIONAL STOCK EXCHANGE		BSE LIMITED			
	SHARE PRICE (₹)		SHARE PRICE (₹)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2018	73.80	64.15	72.50	64.80	35213.30	32972.56
May, 2018	68.25	55.75	66.25	56.00	35993.53	34302.89
June, 2018	58.35	49.40	57.35	49.50	35877.41	34784.68
July, 2018	54.95	43.80	54.95	44.30	37644.59	35106.57
August, 2018	65.90	47.20	64.90	47.00	38989.65	37128.99
September, 2018	52.30	37.20	51.40	39.35	38934.35	35985.63
October, 2018	43.30	34.80	43.90	35.00	36616.64	33291.58
November, 2018	47.55	38.75	46.00	39.00	36389.22	34303.38
December, 2018	46.50	40.65	47.45	40.20	36554.99	34426.29
January, 2019	45.85	36.55	44.30	36.55	36701.03	35375.51
February, 2019	44.00	26.75	40.60	25.10	37172.18	35287.16
March, 2019	34.50	27.95	34.00	28.60	38748.54	35926.94

h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof

NOT APPLICABLE

i) Registrar & Share Transfer Agents

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

j) Share Transfer System:

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

k) Distribution of shareholding.

Shareholding pattern as on 31.03.2019

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	5924986	35.54
Bodies Corporate	1061389	6.36

Particulars	No. of Shares	% of Holding
Banks & Financial Institutions	68266	0.41
Non Resident Indians	169983	1.02
IEPF	59646	0.36
Unclaimed Suspense Account	12841	0.08
Others (clearing members, NBFC's & NRI - Non Repatriation)	48290	0.29
TOTAL	16672290	100.00

Distribution of shareholding

As on 31/03/2019

Distribution Schedule - Consolidated As on 31-03-2019				
Nominal Value	Holders		Amount	
	Number	% to Total	In ₹	% to Total
01-5000	6946	80.75	9440910	5.66
5001- 10000	797	9.27	6392550	3.83
10001- 20000	397	4.62	6148320	3.69
20001- 30000	144	1.67	3682580	2.21
30001- 40000	63	0.73	2309590	1.38
40001- 50000	55	0.64	2597870	1.56
50001- 100000	102	1.18	7161590	4.30
100001 & above	98	1.14	128989490	77.37
TOTAL	8602	100.00	166722900	100.00

l) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialization on both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 16592748 shares amounting to 99.52% of the Capital have been dematerialised by investors as on 31st March, 2019.

ISIN : INE713B01026

Address of Registrars for Dematerialisation of Shares.

Karvy Fintech Private Limited

Karvy Selenium Tower B, Plot No.31-32,

Gachibowli, Financial District, Nanakramguda,

HYDERABAD - 500 032.

Tel.: 040-67161606

m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

NOT APPLICABLE as the Company has not issued any of the above instruments.

n) Commodity price risk or foreign exchange risk and hedging activities.

The Company is not carrying on any Commodity Business and has also not undertaken any hedging

activities, hence same are not applicable to the Company.

o) Plant Locations

(1) Yarn Divisions

a) Amanagallu

Ranga Reddy Dist.

Telangana - 509 321

b) Amravati

Address : Plot No.T-3,

Additional Amravati Industrial Area, Textile Zone,

Zone : Nandgaonpeth, Tuljapur Village,

Talkhanda, Dist.Amravati,

Maharashtra - 444901.

(2) Garment Division

Survey No.219, Thummalur,

Maheswaram Mandal, Ranga Reddy Dist.

Telangana - 501359

(3) Denim Division & Power Plant

Ramtek Mauda Road

Village Nagardhan, Tehsil Ramtek, Nagpur.

Maharashtra - 440 010

p) Address for correspondence:

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

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

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

The Company Secretary,
 Suryalakshmi Cotton Mills Limited,
 6th Floor, Surya Towers, 105, S.P.Road,
 Secunderabad – 500 003.
 Phone No(s): 040 - 27819856/57, 27885200, 27846854
 Email ID : cs@suryalakshmi.com

q) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

Credit Ratings given to the Company by ICRA Limited during the financial year ended 31st March, 2019.

- a) Long Term Line of Credit - [ICRA] BBB-
 b) Short Term Line of Credit - [ICRA] A3

11. OTHER DISCLOSURES

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

During the year under review, your Company had not entered into any material transaction with any of its related parties or entity belonging to the Promoter / Promoter Group which holds 10% or more shareholding in the Company.

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions.

Omnibus approval was granted by the Audit Committee for transactions entered with related parties for the financial year 2018-19 and the same was reviewed/cleared by the Audit Committee at regular intervals.

The necessary disclosures in compliance with the Accounting Standards regarding the transactions with related parties are given in the Notes to the financial statements.

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>.

b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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

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

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

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

Mandatory requirements: All complied with.

Discretionary requirements :

- (i) The Board : The Board is headed by an Executive Chairman.
- (ii) Shareholder Rights : Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website www.suryalakshmi.com.
- (iii) Audit qualifications : There are no audit qualifications in the Audit Report.
- (iv) Separate posts of Chairman and CEO. There are no separate posts of Chairman & CEO.
- (v) Reporting of Internal Auditor.

The Internal Auditor submits his report to the Managing Director and also to the Audit Committee for review, where the Company submits its replies and action taken on the report.

e) Web link where policy for determining 'material' subsidiaries is disclosed.

Not applicable as the Company has no subsidiary.

f) Web link where policy on dealing with related party transactions.

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>.

g) Disclosure of commodity price risks and commodity hedging activities.

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities, hence same are not applicable to the Company.

h) Disclosure of Accounting Treatment

Your Company has not adopted any accounting treatment different from that prescribed in the Accounting Standards.

i) The Company has not raised any funds through preferential allotment or qualified institutions placement during the Financial Year ended 31/03/2019.

j) A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report. (Please refer page 34)

k) There has been no occasion when the Board did not accept the recommendation of the Committees of the Company which is mandatorily required during the year under review.

l) Given below are the details of total fees for all services paid to M/s.K.S.Rao & Co., Chartered Accountants, Statutory Auditors of the Company on a consolidated basis during the financial year ended 31/03/2019.

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid (in ₹)
1.	Statutory Audit fees paid for Audit of the Company and Subsidiary Companies situated in India	405000
2.	Fees paid for other services.	171500
3.	Reimbursement of expenses.	-
	TOTAL	576500

m) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- (i) No. of complaints filed during the financial year - nil
- (ii) No. of complaints disposed off during the financial year - nil
- (iii) No. of complaints pending as on end of the financial year - nil

12. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT SUB-PARAS (2) TO (10) ABOVE WITH REASONS THEREOF:

All the requirements of Corporate Governance Report sub-paras (2) to (10) are complied with.

13. THE CORPORATE GOVERNANCE REPORT SHALL ALSO DISCLOSE THE EXTENT TO WHICH THE DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED.

Details given under 11(d) of the above.

14. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (b) to (i) of SUB-REGULATION (2) OF REGULATION 46 ARE AS GIVEN BELOW:

Regulation	Particulars of Regulations	Compliance Status (Yes / No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	NOT APPLICABLE
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Dissemination of information on website	Yes

15. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT.

- (i) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;
16 shareholders - 13006 shares.
- (ii) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;
NIL
- (iii) number of shareholders to whom shares were transferred from suspense account during the year;
NIL
- (iv) number of shareholders whose shares were transferred from suspense account to IEPF Authority under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
2 shareholders - 165 shares
- (v) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.
14 shareholders - 12841 shares
- (vi) the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

CEO's Declaration regarding Code of Conduct

As provided under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with Suryalakshmi Cotton Mills Limited Code of Conduct for the year ended March 31, 2019.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place : Secunderabad
Date : 30th May, 2019

L.N. Agarwal
Chairman & Managing Director

CEO / CFO CERTIFICATION

We hereby certify that :

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Secunderabad
Date : 30th May, 2019

P.S.SUBRAMANYAM
PRESIDENT (FINANCE)

PARITOSH K. AGARWAL
MANAGING DIRECTOR

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **Suryalakshmi Cotton Mills Limited**

1. This certificate is issued in accordance with the terms of our engagement letter.
2. We have examined the compliance with conditions of corporate governance by Suryalakshmi Cotton Mills Limited (the 'Company') for the year ended 31st March, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

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

Auditors' Responsibility

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

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31/03/2019.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

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

Place : Hyderabad
Date : 30th May, 2019

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

P.Govardhana Reddy
Partner
(Membership No.029193)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To
The Members,
Suryalakshmi Cotton Mills Limited

As required by item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 we certify that none of the Directors on the Board of Suryalakshmi Cotton Mills Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

Place : Hyderabad
Date : 30th May, 2019

K.V.Chalama Reddy
Practising Company Secretary
(M.No.F9268, C.P.No.545)

Annexure - 2

CSR REPORT

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs.
- Suryalakshmi is acutely conscious of the contribution of the society at large to its growth and well being as a corporate citizen. To this end the Company has formulated a CSR policy which recognises the policy as an engine for inclusive growth. The Company has worked on areas like health care, animal welfare, promotion of rural education, drinking water supply, agro forestry, etc. The Company is working on identifying more areas which will have a wider impact on the society and the environment, in the areas where it operates.
- The weblink to the CSR Policy is: <http://www.suryalakshmi.com/investorcorporate-governance.aspx>
- CSR activities of Suryalakshmi are carried out through:-
Contributions to various Trusts / Societies and directly by Company.
2. The Composition of the CSR Committee.
- Sri L.N.Agarwal – Chairman
Sri R.Surender Reddy – Member
Sri Paritosh Agarwal – Member
3. Average net profit of the Company for last three financial years
- | | |
|---------------------|----------------|
| (Profit before Tax) | ₹2701.68 lakhs |
|---------------------|----------------|
4. Prescribed CSR expenditure (two percent of the amount as in Item 3 above)
- | | |
|--|--------------|
| | ₹54.03 lakhs |
|--|--------------|
5. Details of CSR spent during the financial year.
- | | |
|--|--|
| a) Total amount to be spent for the financial year; | ₹54.03 lakhs |
| b) Amount unspent, if any; | ₹34.75 lakhs |
| c) Manner in which the amount spent during the financial year. | Please refer to Statement at Page No. 36 |
6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall profit the reasons for not spending the amount in the Board Report.
- Please refer to Directors' Report at Page No. 16
7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives of Suryalakshmi in line with CSR Objectives and Policy of the Company.

L.N.AGARWAL
CHAIRMAN & MANAGING DIRECTOR

L.N.AGARWAL
CHAIRMAN OF CSR COMMITTEE

DATE : 30th May, 2019
PLACE : SECUNDERABAD

CSR PAYMENTS MADE DURING FINANCIAL YEAR ENDED 31/03/2019						(in ₹)
S. NO. OR ACTIVITY IDENTIFIED	CSR PROJECT SECTOR IN WHICH THE PROJECT IS COVERED	PROJECTS OR PROGRAMMES (1) Local Area or Other (2) Specify the State & Dist. Where Projects or Programmes was Undertaken	AMOUNT		CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD FOR THE FY 2018-19	AMOUNT SPENT: Direct or through Implementing Agency
			OUTLAY(BUDGET)	PROGRAMS WISE		
1	Gau Seva	Animal Welfare Project	Hyderabad, Telangana State, Nagardhan, Ramtek, Nagpur, Maharashtra	2,25,000	1,56,000	Bhagyanagar Gau Seva & Nehru Zoological Park & Sai Geeta Ashram
2	Promoting Education	Renovation of Schools, Provisions of Dress Materials, Benches, Books, Dining Halls & Salaries to Teaching Staff	ZPH School (i) Amangallu, Telangana, (ii) Ramtek, Nagpur, Maharashtra, (iii) Thummalluru, Telangana	11,00,000	9,37,113	Direct by the company
3	Health Care	Preventive Health Care	Nagpur Dist, Ramtek, Amravathi, Maharashtra & Amangallu, Telangana	6,00,000	4,35,624	Late Gopalrao Lahabare Bahudeshiya Shikshan Sanstha & Shri Saibaba Sansthan Trust, Shiridi & Dhanraj Fibro-Tech, Nagpur Chapter, Maharashtra, Grampanchayat Office, Nagardhan, M I D C Industrial Association, Amravathi
4	Annadanam	Eradicating hunger	Ramtek, Nagpur, Maharashtra, R R Dist, Telangana, & S P Road, Secunderabad	3,50,000	3,12,965	AMBA FESTIVAL TRUST & International Society For Krishna Consciousness & Balkrushyna Y Bawankule, Sri Kodhanda Ramlayam
5	Development of Arts	Promotion & Development of Traditional Arts	Ramtek, Nagpur, Maharashtra	30,000	21,000	Wild Challenger Organization, Sant Satramdas Dham Trust
6	Sponsorship for Sports	Promoting Sports	Nagpur and Amravathi, Maharashtra	20,000	17,500	Grampanchayat Office, Nagardhan, Maharashtra & Shri Ramchandra Yuvak Kalyan Sanstha
7	Rural Development	Local Village Security	Amangallu, R R Dist, Telangana State	35,000	27,300	VIDARBHA INDUSTRIES ASSOCIATION
8	Tree Plantation	Environment Protection	Amravathi, Maharashtra	25,000	20,000	Amravati Zilla Soyabin Utpada Shetkart Sangh & Sai Promotion
TOTAL				23,85,000	19,27,502	

CSR AMOUNT TO BE SPENT DURING THE FY : 2018-19 ₹54.03 Lacs

Annexure 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2019

FORM NO.MR- 3

(Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

Suryalakshmi Cotton Mills Limited

Hyderabad.

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

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 (“Audit Period”) according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not applicable during the audit period
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: Not applicable during the audit period
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable during the audit period
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable during the audit period
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 ; Not applicable during the audit period and

- i. The Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.
- J. Securities and Exchange Board of India (Depositors and participants) Regulations, 2018;
- vi. The Company is into business of manufacture and sale of Cotton & blended yarns and denim fabric / garment and power generation. Accordingly, the following Industry specific Acts are applicable to the Company, in the view of the Management:
 - i) The Essential Commodities Act, 1955 and rules and notifications made thereunder
 - ii) The Electricity Act, 2003 and rules and regulations made thereunder
- vii. I have also examined compliance with Secretarial Standards issued by the institute of Company Secretaries of India in respect of board and general meetings of the Company.

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

- 3. I, further report that:
 - a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
 - b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for

seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

- 4. I, further report that there exist adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
- 5. I further report that the above mentioned Company being a listed entity and this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No.CIR/CFD/CMD1/27/2019 dated 08th February, 2019 issued by Securities and Exchange Board of India.

I further report that as per the information and explanation provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16(c) and 24A of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 during the period under review and there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above

Place: Hyderabad
Date: 30th May, 2019

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

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

Annexure 'A'

To,
The Members
Suryalakshmi Cotton Mills Limited
Hyderabad

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

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

Place: Hyderabad
Date: 30th May, 2019

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

Annexure 4

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

A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;	1. Arresting compressed air leakages in various machines / pipelines.
(ii) the steps taken by the company for utilising alternate sources of energy;	2. Further replacement of normal lamps by LED lights.
(iii) the capital investment on energy conservation equipments;	3. Installation of PFD on softener pumps.
	4. Installation of new PLC and new cooling tower.
	5. Utilisation of rice husk instead of coal in process boilers.

B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption;	NOT APPLICABLE
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	NOT APPLICABLE
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
(a) the details of technology imported;	NIL
(b) the year of import;	NOT APPLICABLE
(c) whether the technology been fully absorbed;	NOT APPLICABLE
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NOT APPLICABLE
(iv) the expenditure incurred on Research and Development.	₹10.08 lakhs

C. Foreign Exchange Earnings and Outgo :

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

	(Figures ₹ in Lakhs)	
	2018-19	2017-18
Foreign Exchange Earned		
FOB Value of Exports	18090.19	15656.37
CIF Value of Exports	18278.23	15878.27
Foreign Exchange Used		
(a) Commission on export sales	245.84	233.89
(b) Foreign Travel Expenses	26.29	19.87
(c) Raw material	1831.68	778.46
(d) Plant / Machinery & Others	---	1.18
(e) Stores & Spares	2345.39	1707.75
(f) Repayment of loans	---	349.84
(g) Interest	---	17.60
(h) Foreign Technical and Consultancy Services and	0.97	21.01
(i) Others	9.78	41.94

Annexure 5

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L17120TG1962PLC000923
ii) Registration Date	13th AUGUST, 1962
iii) Name of the Company	SURYALAKSHMI COTTON MILLS LIMITED
iv) Category / Sub-Category of the Company	Public Company limited by shares
v) Address of the Registered office and contact details	6th Floor, Surya Towers, 105, S.P.Road, Secunderabad - 500 003. Ph.No.: 040-27819856 / 27885200
vi) Whether listed company	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, HYDERABAD - 500 032. Tel.: 040-67161606

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main product/services	NIC Code of the Product	% to total turnover of the Company
1	Yarn	13111/13114	46.55
2	Denim Fabric / Power	13121	43.15
3	Garment	14101	10.30

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1			NIL		

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2018)				No. of Shares held at the end of the year (31/03/2019)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual / HUF	9326889	0	9326889	55.94	9326889	0	9326889	55.94	0	
b) Central Govt	--	--	--	--	--	--	--	--	--	
c) State Govt (s)	--	--	--	--	--	--	--	--	--	
d) Bodies Corp.	--	--	--	--	--	--	--	--	--	
e) Banks / FI	--	--	--	--	--	--	--	--	--	
f) Any Other. ...	--	--	--	--	--	--	--	--	--	
Sub-total (A) (1) :-	9326889	0	9326889	55.94	9326889	0	9326889	55.94	0	
(2) Foreign										
a) Individuals	--	--	--	--	--	--	--	--	--	
b) Other Individuals	--	--	--	--	--	--	--	--	--	
c) Bodies Corp.	--	--	--	--	--	--	--	--	--	
d) Banks / FI	--	--	--	--	--	--	--	--	--	
e) Any Other. ...	--	--	--	--	--	--	--	--	--	
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--	
Total shareholding of Promoter (A) = (A)(I)+(A)(2)	9326889	0	9326889	55.94	9326889	0	9326889	55.94	0	
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00		
b) Banks / FI	86683	0	86683	0.52	68266	0	68266	0.41		
c) Central Govt	0	0	0	0	0	0	0	0.00		
d) State Govt(s)	0	0	0	0	0	0	0	0.00		
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00		
f) Insurance Companies	0	0	0	0	0	0	0	0.00		
g) FII's	0	0	0	0	0	0	0	0.00		
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00		
i) Others (specify)	0	0	0	0	0	0	0	0.00		
Sub-total (B)(I):-	86683	0	86683	0.52	68266	0	68266	0.41		
2. Non-Institutions										
a) Bodies Corp.										
i) Indian	1301639	0	1301639	7.807199851	1061389	0	1061389	6.37		
ii) Overseas										

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2018)				No. of Shares held at the end of the year (31/03/2019)				% 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 upto ₹1 lakh	3369419	89655	3459074	20.74744381	3401764	78876	3480640	20.88	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2293926	0	2293926	13.75891374	2444346	0	2444346	14.66	
c) Others (specify)									
NBFC's registered with RBI	0	0	0	0	6100	0	6100	0.04	
CLEARING MEMBERS	29620	0	29620	0.177660057	15085	0	15085	0.09	
NON RESIDENT INDIANS	77781	0	77781	0.466528593	169983	0	169983	1.02	
NON RESIDENT INDIAN NON REPATRIABLE	32856	0	32856	0.197069509	27105	0	27105	0.16	
UNCLAIMED SUSPENSE ACCOUNT	13006	0	13006	0.07800968	12841	0	12841	0.08	
I E P F	50816	0	50816	0.304793163	59646	0	59646	0.35	
Sub-total (B)(2):-	7169063	89655	7258718	43.54	7198259	78876	7277135	43.65	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	7255746	89655	7345401	44.06	7266525	78876	7345401	44.06	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	16582635	89655	16672290	99.99754099	16593414	78876	16672290	100	

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/2018)			Share holding at the end of the year (31/03/2019)			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Late SATYABHAMA BAI	3023032	18.13	16.54	3023032	18.13	16.54	0
2	PARITOSH K.AGARWAL	1478472	8.87	33.82	1478472	8.87	33.82	0
3	L.N.AGARWAL	1364516	8.18	10.31	1364516	8.18	10.31	0
4	VEDANT AGARWAL	1065356	6.39	0	1065356	6.39	0	0
5	PADMINI AGARWAL	971815	5.83	0	971815	5.51	0	0
6	APARNA AGARWAL	651808	3.91	0	651808	3.91	0	0
7	LAKSHMI NARAYAN AGARWAL	401890	2.41	0	401890	2.41	0	0
8	L.N.AGARWAL	370000	2.22	0	370000	2.22	0	0
Total		9326889	55.94	12.23	9326889	55.94	12.23	0

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

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

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019

Sl No.	Name of the Share Holder	Shareholding at the beginning of the Year 01/04/2018				Cumulative Shareholding during the Year 31/03/2019		
		No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	RAJASTHAN GLOBAL SECURITIES PVT LTD	377501	2.26	31/03/2018			377501	2.26
				20/07/2018	15164	Transfer	392665	2.36
				20/07/2018	-15164	Transfer	377501	2.26
				01/02/2019	-12997	Transfer	364504	2.19
				08/02/2019	-10000	Transfer	354504	2.13
				30/03/2019			354504	2.13

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year 01/04/2018				Cumulative Shareholding during the Year 31/03/2019		
		No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
2	VINODCHANDRA MANSUKHLAL PAREKH	311441	1.87	31/03/2018			311441	1.87
				30/03/2019			311441	1.87
3	SWADESHI TUBES LIMITED	250000	1.50	31/03/2018			250000	1.50
				30/03/2019			250000	1.50
4	SHARMIN NASSER	180000	1.08	31/03/2018			180000	1.08
				20/04/2018	-10000	Transfer	170000	1.02
				18/05/2018	-10000	Transfer	160000	0.96
				15/06/2018	5000	Transfer	165000	0.99
				29/06/2018	5000	Transfer	170000	1.02
				10/08/2018	15000	Transfer	185000	1.11
				25/01/2019	-30000	Transfer	155000	0.93
5	DHEERAJ KUMAR LOHIA			30/03/2019			155000	0.93
		150845	0.90	31/03/2018			150845	0.90
				15/03/2019	10378	Transfer	161223	0.97
6	TERRANOVA TECHNOLOGIES LIMITED			30/03/2019			161223	0.97
		100000	0.60	31/03/2018			100000	0.60
7	SANJEEV VINODCHANDRA PAREKH			30/03/2019			100000	0.60
		96931	0.58	31/03/2018			96931	0.58
8	PRANAV KUMARPAL PA REKH			23/11/2018	2529	Transfer	99460	0.60
				30/03/2019			99460	0.60
9	BHARAT JAMNADAS DATTANI	92356	0.55	31/03/2018			92356	0.55
				30/03/2019			92356	0.55
		62606	0.38	31/03/2018			62606	0.38
				11/05/2018	11559	Transfer	74165	0.44
				18/05/2018	8057	Transfer	82222	0.49
				07/09/2018	5000	Transfer	87222	0.52
				15/03/2019	3451	Transfer	90673	0.54
10	LAL TOLANI			30/03/2019			90673	0.54
		0	0.00	31/03/2018			0	0.00
				13/04/2018	493	Transfer	493	0.00
				20/04/2018	975	Transfer	1468	0.01
				11/05/2018	850	Transfer	2318	0.01
				22/06/2018	630	Transfer	2948	0.02
				29/06/2018	4299	Transfer	7247	0.04
				06/07/2018	3017	Transfer	10264	0.06
				13/07/2018	2000	Transfer	12264	0.07
				27/07/2018	2000	Transfer	14264	0.09
		03/08/2018	2000	Transfer	16264	0.10		
		24/08/2018	7980	Transfer	24244	0.15		
		31/08/2018	10000	Transfer	34244	0.21		

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2018 AND 31/03/2019								
Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year 01/04/2018				Cumulative Shareholding during the Year 31/03/2019		
		No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				07/09/2018	6000	Transfer	40244	0.24
				14/09/2018	6010	Transfer	46254	0.28
				21/09/2018	2000	Transfer	48254	0.29
				28/09/2018	4000	Transfer	52254	0.31
				05/10/2018	2000	Transfer	54254	0.33
				12/10/2018	4000	Transfer	58254	0.35
				30/11/2018	2000	Transfer	60254	0.36
				11/01/2019	4000	Transfer	64254	0.39
				18/01/2019	2451	Transfer	66705	0.40
				25/01/2019	3929	Transfer	70634	0.42
				01/02/2019	8007	Transfer	78641	0.47
				08/02/2019	1713	Transfer	80354	0.48
				15/02/2019	6000	Transfer	86354	0.52
				22/02/2019	2000	Transfer	88354	0.53
				08/03/2019	2000	Transfer	90354	0.54
				30/03/2019			90354	0.54
		87099	0.52	31/03/2018			87099	0.52
				04/05/2018	-3860	Transfer	83239	0.50
				11/05/2018	-2599	Transfer	80640	0.48
				18/05/2018	-4916	Transfer	75724	0.45
				25/05/2018	-3239	Transfer	72485	0.43
				22/06/2018	-280	Transfer	72205	0.43
				29/06/2018	-1974	Transfer	70231	0.42
11	RAOOF RAZAK DHANANI			03/08/2018	-5350	Transfer	64881	0.39
				10/08/2018	-4375	Transfer	60506	0.36
				31/08/2018	-2000	Transfer	58506	0.35
				12/10/2018	-1759	Transfer	56747	0.34
				30/11/2018	-7500	Transfer	49247	0.30
				11/01/2019	-3450	Transfer	45797	0.27
				18/01/2019	-1000	Transfer	44797	0.27
				30/03/2019			44797	0.27
		84819	0.51	31/03/2018			84819	0.51
12	BHARATI BHARAT DATTANI			11/05/2018	5000	Transfer	89819	0.54
				30/03/2019			89819	0.54

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director/KMP	Beginning of the year (1/4/2018)	%	End of the Year (31/3/2019)	%
1	L.N.AGARWAL	1364516	8.18	1364516	8.18
2	PARITOSH K. AGARWAL	1478472	8.87	1478472	8.87
3	PADMINI AGARWAL	971815	5.83	971815	5.83
4	R.SURENDER REDDY	28000	0.17	28000	0.17
5	NAVRANG LAL TIBREWAL	NIL		NIL	
6	R.S.AGARWAL	NIL		395	0.00
7	A. MALLIKARJUN	NIL		NIL	
8	DR. G.VIVEKANAND	NIL		NIL	
9	DHRUV VIJAI SINGH	NIL		NIL	
10	E.V.S.V.SARMA	4596	0.03	4596	0.03
11	P.S.SUBRAMANYAM	28	0.00	28	0.00

V. INDEBTEDNESS

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

	(₹ in lakhs)			
	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of financial year				
i) Principal Amount	32104	6729	---	38833
ii) Interest due but not paid	71	180	---	251
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	32175	6909	---	39084
Change in Indebtedness during the financial year				
• Addition	---	---	---	---
• Finance Cost & Others	1077	2658	---	3735
• Reduction	(2702)	(1004)	---	(3706)
• Finance Cost Paid	(1088)	(2693)	---	(3781)
Net Change	(2713)	(1039)	---	(3752)
Indebtedness at the end of the financial year				
i) Principal Amount	29401	5726	---	35127
ii) Interest due but not paid	61	144	---	205
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	29462	5870	---	35332

VI. REMUNERATION OF 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			(₹ in lakhs)
		L.N.AGARWAL	PARITOSH K.AGARWAL	PADMINI AGARWAL	Total Amount
		1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	80.14	70.20	46.80	197.14
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.06	0.23	-	0.29
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	--	--	--	-
2	Stock Option	--	--	--	-
3	Sweat Equity	--	--	--	-
4	Commission	--	--	--	-
	- as % of profit	--	--	--	-
	- others, specify ...	--	--	--	-
5	Others, please specify	--	--	--	-
	Total (A)	80.20	70.43	46.80	197.43
	Ceiling as per the Act				

B. Remuneration to other Directors:**I. INDEPENDENT DIRECTORS**

Sl. No.	Particulars of Remuneration	Name of Directors					(₹ in lakhs)
		R. Surender Reddy	R.S. Agarwal	Navrang Lal Tibrewal	Dhruv Vijai Singh	Dr.G. Vivekanand	Total Amount
		1	Fee for attending board I committee meetings	0.30	0.30	0.30	0.20
2	Commission	--	--	--	--	--	--
3	Others (Incidental expenses)	0.80	0.80	0.80	0.80	0.40	3.60
	Total (1)	1.10	1.10	1.10	1.00	0.50	4.80

II. Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors		(₹ in lakhs)
		A. MALLIKARJUN	V.V.S. Ravindra	Total
		1	Fee for attending board / committee meetings	0.15
2	Commission	--	--	
3	Others (Incidental expenses)	0.40	0.40	
	Total (2)	0.55	0.55	1.10
	Total (B)=(1 +2)			5.90
	Total Managerial Remuneration			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	COMPANY SECRETARY	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	2091804.00	1775736.00	3867540.00
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	510790.00	138519.00	649309.00
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	-- as % of profit	-	-	-	-
	-- others, specify ...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total		2602594.00	1914255.00	4516849.00

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure - 6

MANAGEMENT DISCUSSION & ANALYSIS

Indian Economy Overview

India continued to remain one of the fastest growing major economies in the world in FY19. With investment picking up and consumption remaining strong, the country posted a robust GDP of 6.8% during the year. Domestic demand also strengthened as the benefits of structural reforms such as the Goods and Services Tax (GST) harmonisation and bank recapitalisation took effect. Economic activities also continued to recover backed by the strong domestic demand. However, the economy also suffered from various headwinds such as rising global volatility, externalities from trade disputes, and investment rerouting.

The effects of these shocks were offset by the strong macroeconomic fundamentals and policy changes (including amendments to the policy/code related to insolvency and bankruptcy, bank recapitalization, and foreign direct investment). With these policies in place, the economy is anticipated to grow by 7.5% in FY20 receiving boost from sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development. Further, continued implementation of structural and financial sector reforms with efforts to reduce public debt will remain essential to secure the economy's growth prospects. In the near term, continued fiscal consolidation will result in reduction of India's elevated public debt. This will further be supported by strengthening Goods & Services Tax compliance and further reducing subsidies. (Source: World Bank, IMF)

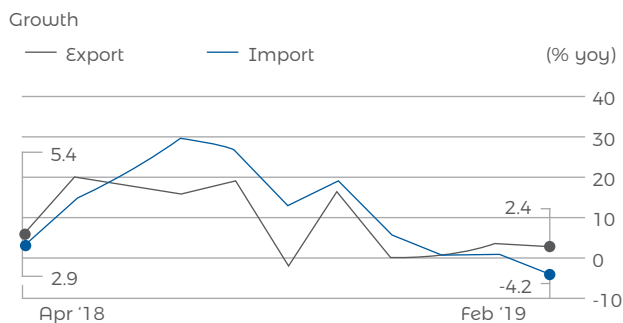
Indian Textile Industry

India is the world's second-largest exporter of textiles and apparels, with an enormous raw material and manufacturing base. The textile sector plays a dynamic role in the Indian economy through its significant contribution to GDP, manufacturing output, employment generation and export earnings. It contributes about 7% to industry output, 2% to the GDP and 15% to the country's total exports earnings. The textile and apparel industry is broadly classified into two sections viz. yarn & fibre and processed fabrics & apparels. (Source: Citi India, IBEF)

At an overall level, India is a cost-competitive manufacturing base for all types of products across the textile value chain. Although, the lending rates in India are higher than in China and Vietnam, with special government support available for the sector, the effective cost of capital becomes comparable. India's labor cost is much more economical than China's and comparable to southeast Asian countries of Vietnam and Cambodia. In terms of power cost, India is competitively positioned against most of the competing nations except Ethiopia where power cost is extremely low.

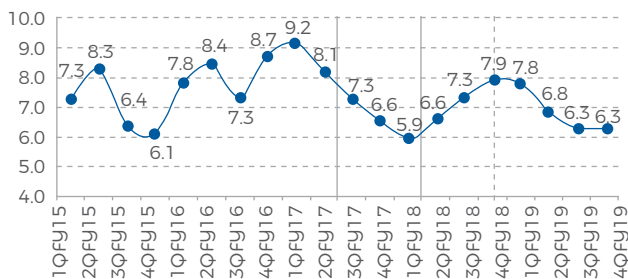
The Textile Ministry of India has allotted an investment of ₹690 crore for setting up 21 readymade garment manufacturing units in seven states for development and modernization of Indian textile sector as on August 2018. According to the Union Budget 2018-19 the government had set aside ₹30 crore for the scheme of Integrated Textile Parks, under which there are 47 on-

Trade growth in India



Source : RBI

India's Real GVA growth



Source (basic data): CSO, MoSPI

going projects. The Indian government has increased the basic custom duty to 20% from 10% on 501 textile products, to advance the "Make in India" movement. The GOI has effected several reforms including Amended Technology Up-gradation Fund Scheme (A-TUFS) to create an employment opportunity for approx. 35 lakh people and enable investments worth ₹95,000 crore by 2022. (Source: Citi, Wazir Advisors, HomeTextile Views)

The future of Indian textile industry is yet to recover from the ill-effects of demonetisation and stabilisation of GST. The sector is in need of reforms that will get it back to its growth levels in the pre-demonetisation era. Encouraging reforms will also help the country to be competitive as compared to players from China and boost the production across several products in the entire value chain of textile. The Indian textile sector is projected to depict a stable growth backed by firm input prices, healthy capacity utilization and steady domestic demand. India's apparel exports is projected to remain suppressed for FY 2018-2019, accelerating at firm pace of 1-2%, as a result of changeover in the taxation regime and liquidity challenges for the apparel sector. (Source: Crimson Publishers, IBEF)

Indian Denim Industry

India is one of the leading denim fabric manufacturers in the world, with a manufacturing capacity of about 1,500 mmpa. The denim market in India is tilted towards men's segment with 85% contribution coming from it. While women's denim segment contributes 9% to the market share and kids segment the rest 6%. It's interesting to see that Tier 1 & Tier 2 cities alone account for almost half of the total denim market at a share of 49%. The combined market share of urban and rural areas contribute to 51%.

The denim fabric production is mainly concentrated in the western and northern parts of the country comprising more than 45% contribution coming from Gujarat itself, where Ahmedabad is the central production hub. The denim apparel production activities are scattered

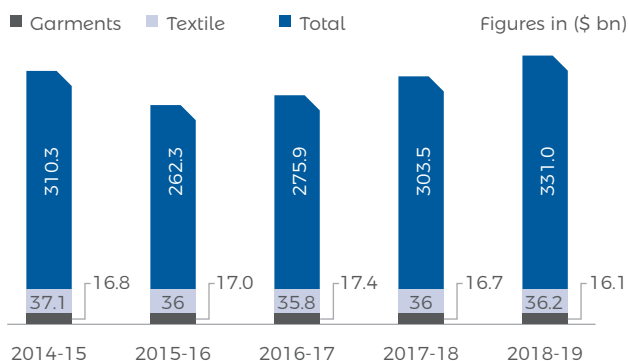
around Delhi, Mumbai, Bangalore and Ahmedabad. In the domestic market, knitted wear still tops the charts, while in international market, high stretch and comfort stretch, vintage and subtle look denims with flexible wash options are more in trend. In the recent times, the concept of recycled denim is also picking up strongly. With the rise in social media platforms and fashion exhibitions, India is fast catching up with the global trends. (Source: Technopak Advisors, Economic Times)

Growth Prospects

The denim sector is regarded as the most progressive sector in today's textile industry due to following growth prospects:

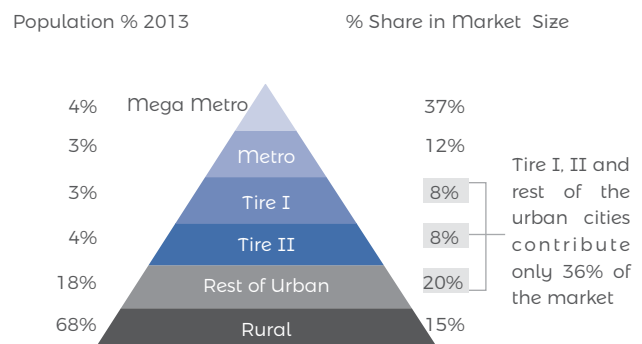
- **Variations:** Denim has a lot of variations apart from manufacturing jeans. There is an increasing demand amongst Indian customers for denim shirts, dresses, denim bags jackets etc.
- **Purpose:** Nowadays denim serves almost all purposes. It has a lot of diversified color ranges and it can be used as a formal wear or a casual wear. This flexibility makes an economic sense to buy denim apparels more.
- **Convenience:** Denim most importantly has a low maintenance cost and easy availability.
- **Changes in Tastes and Preferences:** Consumers especially women use denim as their daily wear, thereby increasing the demand for the product exponentially.
- **Organised Retail Sector and E-Commerce:** Demand for denims has accelerated due to the rapid increase in number of shopping malls and online shopping portals.
- **Prices:** The prices of denim apparels depend on a variety of factors such as the quality of material, texture, comfort, cut and wash. There is a wide range of prices,

India's Export Story



Source Ministry of Commerce, Compiled by BS Research Bureau

City-wise Distribution of Denim Market of India



(Source: Technopak advisors)

from extremely cheap jeans for daily wear to luxury expensive denims. (Source: Textile Magazine)

Market Trends

The denim market in India has been flourishing with invention of more styles, colors and some innovative trends. Some of the key trends are:

- In India most of the denim manufacturers concentrate on the domestic markets as the value realization remains higher in the domestic market than in export markets.
- Recently the industry has observed entrance of new denim fabric manufacturers which is projected to make denim market more competitive due to increasing price trend in the coming years.
- Cotton is the sole choice of fabric for denim apparel production. Nowadays polyester is being used as weft threads in blended denim fabrics.
- The demand for stretch denim is growing rapidly in the Indian market due to its comfort and fit features.
- Color constraint is no longer a barrier. Indian youth has started accepting denim in different colors apart from the traditional blue jeans. (Source: Technopak Advisors)

However, post GST the denim industry has partially closed down and operating around at 60-70% of the capacity due to sluggish demand and excess capacity in the industry. This has led to a very competitive situation in export markets, where the margins have taken a beating. The negative impact of these developments is being felt across the industry.

Company Overview

About Us

Suryalakshmi Cotton Mills Ltd (SCML) is a vertically integrated denim player, which is engaged in manufacture of cotton yarn, denim fabrics and denim garments. Innovation, quality and consistency are the major solutions, which has led Suryalakshmi to be the world's trusted denim supplier with speed and dexterity. The Company employs the right strategy to become the lowest cost producer by leveraging integration and manufacturing efficiency. Suryalakshmi works towards delivering products that meet international standards and stay ahead of the fashion curve with every passing year to meet their customer expectations.

Core Competences

➤ Customer Mix

Suryalakshmi is among India's largest Original Denim Manufacturers (ODM) partner to Global and Indian brands namely, Pantaloons, Spykar, Wrangler etc. It has also collaborated with leading denim designers from Europe to cater rapidly changing fashion requirements.

➤ Key Partners

Suryalakshmi is the key vendor for VF Corporation in USA & India and the largest supplier to Walmart. It is also one of the largest vendors for the European business of NEXT & MATALAN (UK Brands). Besides, the Company is a core supplier of Levi's requirement for its Levi's brand.

➤ Design Approach

The design approach of the Company is primarily based on the recent fashion trend and customer tastes and preferences. This has driven SCML to manufacture innovative denim apparels with unique style, texture, material and finish. This in turn has helped the organization to channelize their product development efforts towards consumer preferences.

➤ Just in Time Inventory Approach

Backed by the Just in Time inventory approach, the forward and backward integrated facilities of the Company have helped in producing premium and specialized denim styles with revertible production turnarounds to create a brisk denim supply chain.

➤ Value added products

At Suryalakshmi, customer's needs have always been the focal point. It focuses on development of high-margin qualitative products according to the changing tastes and preferences of the customers. The Company manufactures value added denim fabrics and fancy polyesters which has driven the organization to create a competitive edge. This has enabled the Company to conglomerate with global multinationals.

➤ Technology

The Company initiates yarn manufacturing with the help of its state-of-the-art technology and world class machinery from top-notch global suppliers. This has led Suryalakshmi to keep pace with the changing market trends and fashion curve. With the help of cutting edge design and latest spinning technology

the Company has created the finest yarn, premium quality denims for leading global brands.

➤ **Market Presence**

Suryalakshmi has a long standing track record of operations in the Indian denim and spinning segments with established business channels in both domestic and export markets. The Company has an evolving fashion sense and product intelligence which helps it to compete in the global market. The Company has partnered with over 25 international fashion brands namely JC Penny, Vero Moda, Myntra, Walmart etc. in 31 countries across the globe. This has helped the Company to create a competitive edge both in the domestic and international denim market.

Integration

Suryalakshmi offers premium designs of denim apparels to its customers with the help of its integrated state of the art manufacturing facilities. Through an integrated system of tools, techniques and training process, the Company has successfully achieved the highest quality parameters in denim fabric manufacturing in the most versatile manner. The garment engineering approach of the Company has prompted the Company to associate and work with the top 20 global fashion and retail brands.

Accreditations

The manufacturing facilities of SCML are monitored on a regular basis to check global quality standards. Regular audits and verification by independent bodies have given confirmation to the quality standards, ISO norms, laws and regulatory requirements.

The quality certifications of SCML can be elaborated as under:

- ISO 14001:2004 Certification*
- ISO 9001:2008 Certification*
- Oeko-Tex Certification.
- Better Cotton Initiative.
- Supplier Ethical Data Exchange (SEDEX)
- Sedex members Ethical Trade Audit (SMETA)

*Annual Surveillance audit in progress

Product Portfolio

Yarn

The spinning operations at Suryalakshmi are backed by innovative advanced machineries such as Amsler Slub from Switzerland, Core Spun and Eli Twist from Germany. The Company has specialization in manufacturing of high cotton, polyester and blended yarns, which are utilised for exporting as well as for their own denim business prospects.

Manufacturing Capacity

Suryalakshmi possesses an ultramodern spinning unit for manufacture of polyster cotton and synthetic yarn. The unit is located at Amangallu, R.R. district in Telangana. Also, the Company produces value-added and fancy yarns such as Ring, Open End, Core Spun, Slub and Compact yarns at its plant located in Amravati (Maharashtra). These yarns are specially used for denim fabric manufacturing. The capacity of spinning division is 86352 spindles.

86352 spindles **92%**

- Installed capacity as on 31st March 2019
- Overall Capacity Utilization during FY 2019

₹3452.9mn

- Total Net Revenue during the year

Denim

Suryalakshmi is engaged in manufacture of diversified range of denims with different cuts, designs and finishes as per the global fashion curve. This has led the organization to be one of the top five leading denim suppliers across the globe.

Manufacturing capacity

Being a market leader for over five decades, Suryalakshmi focuses on the quality of denims produced. The fabrics are manufactured at its manufacturing facility located at Ramtek (Maharashtra) and works at an installed capacity of 40 mn metres of denim per annum. The Company's diverse range of denim fabrics comprises Mercerized Denims, Coated Denims, Normal finish, Cotton / Polyester, Colour Denims, and Mill washed Denim. With this, the Company offers light fabrics that are breathable and airy as well as a variety of denim blends that are meant to retain the shape and durability.

40mn metres⇒ Installed capacity as on 31st March 2019**84%**

⇒ Capacity Utilization level during FY 2019

₹3200.74mn

⇒ Total Net Revenue during the year

31

⇒ Countries of Export

Product Mix

Fashion and style continues to change rapidly with every passing year. With these changing aspirations, the in house R&D team of the Company is committed to deliver premium quality denim products to its diversified client base. Suryalakshmi has created over 3000 high quality denim variants with quick production turnarounds. Further, partnership with the top international global denim brands such as Pepe Jeans, Spykar, Adidas etc. provides Suryalakshmi a competitive edge in the global denim market. A niche collection of fabrics in terms of texture, wash, colour, shades are researched and manufactured every year. This has helped the Company strengthen its relations with its partners. The Company has recently introduced an array of unique shades and performance oriented denim fabrics such as Cool Max, Bual Core, Bamboo, Tencel Rayon, Viscose and others to its portfolio. The new dobby design in denims has been a great hit amongst the global customers.

Summer and Winter Collections

Suryalakshmi has a large customer base across the globe. The skilled designing team of the organization benchmarks the global fashion market to cater the design needs of diversified global customers. Inputs from customers, brands and suppliers are also collected and their ideas implemented in the design of new products. Further value addition is done to the garments in terms of finishing, fiber blends, functional denims like coolmax, toughmax, anti-microbial, moisture management fabrics, etc. The in-house R&D team has enhanced in-depth market research and global fashion prospects that have changed into trend setting ideas and concepts resulted in production-ready denims.

Garments

As an integrated ODM, Suryalakshmi manufactures value added denim garments in varied styles, colours and finishes. The Company is a leading supplier of high street retailers, fashion houses and reputed designers across the globe for children's wear, women's wear and men's wear.

Suryalakshmi works with a production capacity of 7000 garment pieces per day. The garment manufactured, undergo stringent quality checks at every step of production. The Company possesses an outstanding laundry and drying process facilities which has enabled the Company to create wide variety of denim fabric finishes such as hand scrapping, laser etching, resin finish, whiskers, chevrons, tie and dye, ozone finishes etc.

Material developments on the human resources/ industrial relations front

There were no material developments in the Human Resource area. The industrial relations were generally found satisfactory but for an agitation in the Denim Unit at Ramtek, which resulted in a lock out. The issues are expected to be resolved soon. The Company constantly reviews its manpower requirements and has a dedicated and well-equipped department to take care of the same. The total number of employed by the Company is 3873

Operations

During the year under review, the Company registered a marginal decline in the turnover at ₹742 crores. The adversities that affected the denim industry continue to plague the industry this year as well. This year, the Company was additionally affected by the agitation of the workers in Denim Division, Ramtek from February, 2019, leading to declaration of lock out by the Company.

The cumulative effect of these factors has been the loss of around ₹8.44 crores. The performance of spinning division was relatively better because of an improved realization. There has been no improvement in the viability of the power plant.

The denim exports have been slightly better, though the margins are under pressure due to intense competition.

Financial highlights

Table below provides a summary of the financial parameters along with key ratios affecting the Company.

Particulars	₹ (in lakhs)		
	FY 2019	FY 2018	YoY growth (%)
Revenue from operations	74177.82	76058.53	(2.5)
EBITDA	4885.21	7056.97	(30.8)
PAT	(843.83)	515.05	(264)
Key Ratios			
Debt equity Ratio*	0.46	0.51	(9.8)
Interest coverage Ratio	1.46	1.87	(21.9)
Current Ratio	1.13	1.16	(2.60)

*(Long Term)

(₹ in lakhs)

Particulars	FY 2019	FY 2018	YoY growth (%)
Debtors Turnover	85	74	(14.9)
Inventory Turnover	74	84	11.9
Operating Profit Margin	6.53	9.24	(29.30)
Net Profit Margin	(1.13)	0.67	(269)
Return on Net worth	(3.1)	1.8	(272)

Reasons for variation in excess of 25%

The Company's denim plant has been under strike / lockout for nearly 2 months in FY 2018-19. The denim industry plagued as it is by excess capacity and sluggish demand in the domestic market, suffered due to impacted margins. This led to very severe competition in export markets driving down the margins. Power plant continues to be unviable on account of very high cross subsidy rates. The cumulative effect of all these factors led to the negative variations.

Internal Control Systems and their Adequacy

The Company has an adequate internal control system in place, commensurate with the size and complexity of the organisation. A comprehensive review of all internal control systems have been carried out to take care of the Company's expanding size and resulting needs. The IT support systems have also been upgraded for the same. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

Cautionary statement

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, among others, which are valid only at the time of making the statements. A variety of factors known or unknown, expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions. Readers may therefore appreciate the context in which these statements are made before making use of the same.

Annexure 7

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

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 31ST March, 2019;

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Sri L.N.Agarwal	106.91
2.	Sri Paritosh K. Agarwal	93.88
3.	Smt. Padmini Agarwal	62.39

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

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

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

8%

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

There are 3873 employees on the rolls of the Company.

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

8%

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

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

On behalf of the Board

Place : Secunderabad
Date : 30th May, 2019.

L.N.Agarwal
Chairman & Managing Director

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

List of Top 10 salaried employees for the financial year ended 31st March, 2019.

S. No	Name of the employee	Designation	Remuneration received (INR) in Lakhs	Nature of the employment	Qualification	Experience in years	Organisation worked for before Suryalakhmi	Date of commencement of the employment	Date of Birth	Age of the employee	% of the equity shares held by the company	Whether the employee is relative of any Director or Manager
1	Mr. L N Agarwal	Chairman & Managing Director	80.20	Regular	Undergraduate	57	Nil	22/6/1994	8/9/1933	86	8.18	Yes
2	Mr. P K Agarwal	Managing Director	70.42	Regular	Graduate	24	Suryavanshi Spinning Mills Limited	6/9/1994	18/3/1973	46	8.87	Yes
3	Mrs. Padmini Agarwal	Wholesale Director	46.8	Regular	Graduate	9	Suryakiran International Limited	15/5/2010	1/1/1975	44	5.83	Yes
4	Mr. Siddhant Sharma	CEO-Denim Division	39.55	Regular	B.Tech (Textile)	30	ETCO Denim	27/2/2017	8/7/1964	55	Nil	No
5	Mr. Goutam Dharg	President	23.76	Regular	B.Sc. (Technology)		RSWM Ltd.	10/9/2016	2/1/1967	52	Nil	No
6	Mr. M Haragopal	Vice President - Garment Division	20.88	Regular	B.A. (M&S), Master of Financial Management	21	Sai Lakshmi Industries	4/5/2007	9/8/1975	44	Nil	No
7	Mr. E V S V Sarma	Company Secretary	26.02	Regular	B.Sc. ACMA, ACS, LLM	47	Transport Corporation of India	3/5/1995	11/2/1951	68	0.03	No
8	Mr. Prabal Kumar	G M - Exports	20.16	Regular	Masters in Management; Masters Diploma in International Trade	24	RSWM Ltd	18/4/2014	1/8/1969	50	Nil	No
9	Mr. Vasudeo Tipre	G M - Exports	19.85	Regular	BSc. Statistics, MBA, Marketing	25	Mafatlal Industries Ltd-Denim Division	25/9/2014	28/6/1969	50	Nil	No
10	Mr. P Siva Subramanyam	President (Finance)	19.14	Regular	BSc. ACA	31	Andhra Cements Ltd	1/9/1992	15/12/1961	57	0	No

INDEPENDENT AUDITORS' REPORT

To the members of
The Suryalakshmi Cotton Mills Limited,
 Hyderabad

Report on the Financial Statements:

Opinion

We have audited the accompanying financial statements of THE SURYA LAKSHMI COTTON MILLS LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors' responsibility for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	Auditor's Response
1	Valuation of inventories The value of inventory, as at the balance sheet date amounted to ₹130.35 crores accounting for 34% of total current assets. Inventories are considered as key audit matter on account of its significant proportion in the total current assets and it involves judgement in its valuation, taking into account the obsolescence and measuring inventories at the lower of cost or Net realisable value. refer to Note 1.4.4 for the accounting policy on valuation of inventories	Principal audit procedures To address the risk for material error on inventories, our audit procedures inter alia includes: <ul style="list-style-type: none"> · assessing the compliance of company's accounting policies over inventory with applicable accounting standards; · assessing inventory valuation processes and practices, in some locations we tested effectiveness of the key controls; · evaluating the assessments made in relation to slow moving and obsolete stock. We assessed the adequacy of company's disclosures related to inventories

S. Key Audit Matters No.	Auditor's Response
<p data-bbox="209 265 624 292">2 Evaluation of uncertain tax positions</p> <p data-bbox="209 319 778 540">The company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct and indirect tax matters. There are material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p data-bbox="209 567 735 592">Refer Note No. 35.1.a to the Financial Statements.</p>	<p data-bbox="810 265 1110 292">Principal audit procedures</p> <p data-bbox="810 319 1390 346">We performed the following procedures in this regard:</p> <ul data-bbox="810 352 1433 721" style="list-style-type: none"> <li data-bbox="810 352 1433 441">· evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter. <li data-bbox="810 457 1433 547">· discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the management. <li data-bbox="810 563 1433 619">· we also evaluated the independence and competency of the management's legal expert. <li data-bbox="810 636 1433 721">· obtained and tested evidence to support the management assessment with regard to non-provisioning against the demand. <p data-bbox="810 747 1385 837">Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.</p>

Report on Other information other than Financial statements

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements;
- g) with respect to the Statement on Managerial Remuneration to be included in the Auditor's report under Section 197(16):

in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its Directors during the current year is in accordance with the provisions

of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) with respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has no pending litigations that would impact its financial position. However, the company has disclosed all pending litigations as contingent liabilities. - Refer Note 35.1.(a) to the Ind AS financial statements ;
 - ii. the Company has no long term contracts and did not have derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

(P.GOVARDHANA REDDY)

Partner
(Membership no:029193)

Place: Hyderabad
Date:30th May 2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act)

The Annexure referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of Surya Lakshmi Cotton Mills Limited for the year ended 31st March 2019.

We report that:

- (i) a. the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets;
 - b. the Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification;
 - c. according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- (ii) the inventory has been physically verified by the management at reasonable intervals during the year under report and the discrepancies noticed during such physical verification of inventories as compared to book records have been properly dealt with in the books of account;
- (iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the said Order are not applicable to the company;
- (iv) in our opinion and according to the information and explanations given to us, the company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of Section 186 of the Companies Act 2013, in respect of investments made by the company;
 - (v) the Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company
 - (vi) we have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
 - (vii) (a) according to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues applicable to it; and
 according to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of customs, duty of Excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable;

- (b) According to the records of the Company and the information and explanations given to us, the dues of Sales tax, Income tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of dispute are as follows:

Nature of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Foreign Trade (Development & Regulations) Act, 1992	TPS #	3307.33	2004-05	Hon'ble High Court of Judicature at Hyderabad
Maharashtra Value Added Tax Act, 2005	VAT	23.69	2013-14	Commissioner of sales Tax (Appeals), Nagpur
Maharashtra Gram Panchayat Act	Gram Panchayat Tax	23.87	2017-18	Divisional Commissioner, Maharashtra State, Nagpur
Customs Act,1962	Customs Duty #	559.37	2004-05	CESTAT, Mumbai
	Custom Duty	61.49	2009	Hon'ble High Court of Judicature at Hyderabad

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

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

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

(P.GOVARDHANA REDDY)
Partner
(Membership no:029193)

Place: Hyderabad
Date:30th May 2019

ANNEXURE – ‘B’ TO THE INDEPENDENT AUDITORS’ REPORT

Report on the Internal Financial Controls under Clause

(i) Of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

The Annexure referred to in Paragraph 2(f) under the heading “Report on other Legal and Regulatory Requirements” of our report of even date, to the members of Surya Lakshmi Cotton Mills Limited for the year ended 31st March 2019

We have audited the internal financial controls with reference to financial statements of Surya Lakshmi Cotton Mills Limited (“the Company”) as of 31st March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal

Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

for **K. S. RAO & Co**

Chartered Accountants
Firm Registration No:003109S

(P.GOVARDHANA REDDY)

Partner

(Membership no:029193)

Place: Hyderabad

Date:30th May 2019

BALANCE SHEET

as at 31st March, 2019

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2(A)	38,008.96	40,263.42
(b) Capital Work-in-progress	2(B)	139.64	169.39
(c) Other Intangible assets	3	21.34	23.61
(d) Financial Assets			
(i) Loans	4	572.59	503.85
(ii) Other financial assets	5	0.74	52.25
(e) Deferred Tax Assets (net)	20	-	-
(f) Other non-current assets	6	661.07	671.08
(2) Current assets			
(a) Inventories	7	13,035.22	17,316.49
(b) Financial Assets			
(i) Investments	8	4.11	5.01
(ii) Trade Receivables	9	16,824.35	17,733.72
(iii) Cash and cash equivalents	10	171.61	104.29
(iv) Bank balances other than (ii) above	11	755.00	864.31
(v) Loans	12	38.95	38.26
(vi) Others	13	5,136.03	4,878.85
(c) Current Tax Assets (Net)	14	131.65	115.55
(d) Other current assets	15	2,395.34	2,210.27
Total Assets		77,896.60	84,950.35
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	1,844.53	1,844.53
(b) Other Equity	17	25,127.77	26,240.09
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	12,290.49	14,441.93
(b) Provisions	19	659.56	600.03
(c) Deferred Tax Liability (net)	20	3,948.66	4,544.37
(d) Other non-current liabilities	21	26.26	32.82
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	19,630.45	21,764.96
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises; and			
- total outstanding dues of creditors other than micro enterprises and small enterprises	23	8,531.74	10,038.78
- total outstanding dues of creditors micro enterprises and small enterprises		38.80	-
(iii) Other financial liabilities	24	5,013.37	4,418.06
(b) Other current liabilities	25	408.51	689.31
(c) Provisions	19	376.46	335.47
Total Equity and Liabilities		77,896.60	84,950.35
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 30.05.2019

(E.V.S.V. Sarma)

Company Secretary

(P.S. Subramanyam)

President (Finance)

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2019

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note No.	Current Year	Previous Year
I. Revenue from operations	26	74,177.82	76,058.53
II. Other income	27	647.70	336.87
III. Total Revenue (I+II)		74,825.52	76,395.40
IV. Expenses			
(i) Cost of materials consumed	28	39,524.76	41,382.23
(ii) Purchases of stock-in-trade		1,469.59	3,322.87
(iii) Changes in inventories of finished goods and work-in-progress	29	3,897.74	(734.51)
(iv) Employee benefits expense	30	7,790.74	7,568.01
(v) Finance costs	31	3,734.86	3,897.72
(vi) Depreciation and amortization expense	2,3	2,576.08	2,887.73
(vii) Other expenses	32	17,276.53	18,015.67
Total expenses (IV)		76,270.30	76,339.72
V. Profit / (Loss) before Exceptional Items and tax (III-IV)		(1,444.78)	55.68
VI. Exceptional Items	33	19.05	215.84
VII. Profit / (Loss) before tax (V+ VI)		(1,425.73)	271.52
VIII. Tax expense:			
(1) Current tax		-	63.44
(2) Deferred tax	35.5.2	(581.90)	(306.97)
(3) Income tax of earlier year			
IX. Profit / (Loss) after tax (VII-VIII)		(843.83)	515.05
X. Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	34	(45.16)	(57.72)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		13.81	18.45
B Items that will be reclassified to profit or loss			
Other comprehensive income for the year (net of tax)		(31.35)	(39.27)
XI. Total Comprehensive Income for the period (IX+X)		(875.18)	475.78
XII. Earnings per equity share (face value of ₹10/-)			
Basic & Diluted		(5.06)	3.09
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 30.05.2019

(E.V.S.V. Sarma)

Company Secretary

(P.S. Subramanyam)

President (Finance)

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

CASH FLOW STATEMENT

for the year ended 31st March 2019

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
A Cash flow from Operating Activities:		
Profit Before tax	(1,425.73)	271.52
Adjustments for:		
Depreciation and Amortisation	2,576.08	2,887.73
Actuarial Gain/(loss) on Defined Benefit plans	(44.26)	(56.87)
Loss/ (Gain) on sale of tangible assets (net)	(27.06)	(38.33)
Interest Income	(150.10)	(92.09)
Finance Costs	3,734.86	3,897.72
	4,663.79	6,869.68
Operating profit before working capital changes		
Adjustments for (increase)/decrease in operating assets		
Inventories	4,044.13	439.02
Trade Receivables	909.38	(4,640.09)
Loans - Non current	(68.74)	40.62
Loans - current	(0.69)	11.72
Other financial assets - current	(150.66)	(1,461.92)
Other financial assets - Non current	51.51	285.08
Other non financial assets - current	(185.07)	(713.15)
Other non financial assets - Non current	6.31	6.31
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	(1,468.24)	2,397.43
Other financial liabilities	206.66	(186.65)
Short term provisions	41.00	66.97
Long term provisions	59.52	47.04
Other Non financial liabilities	(280.81)	54.48
Cash generated from operations	7,828.09	3,216.54
Income tax paid	(16.10)	(320.83)
Net Cash flow from/(used in) operating activities	7,811.99	2,895.71
B Cash flow from Investing Activities:		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(463.13)	(946.09)
Proceeds from sale of Property, plant and equipment	60.29	48.12
Interest income Received	152.90	86.26
Net Cash flow from/(used in) investing activities	(249.94)	(811.71)

CASH FLOW STATEMENT

for the year ended 31st March 2019

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
C Cash flow from Financing Activities:		
Proceeds / (Repayments) of short term borrowings	(2,134.50)	2,937.68
Proceeds from Long term borrowings	-	5,431.09
Repayment of Long term borrowings	(1,577.67)	(6,496.42)
Interest and other borrowing costs paid	(3,780.61)	(3,868.59)
Equity Dividend (including DDT) paid	(1.95)	(202.85)
Net Cash flow from/(used in) financing activities	(7,494.73)	(2,199.09)
Net Increase in Cash and Cash equivalents (A+B+C)	67.32	(115.09)
Cash and Cash equivalents at the beginning of the year	104.29	219.38
Cash and Cash equivalents at the end of the year	171.61	104.29
Components of Cash and Cash Equivalents		
a. Cash on hand	16.87	3.67
b. Balances with banks		-
- In current accounts	154.73	100.61
- In term deposits (with original maturity of 3 months or less)		-
- Post office savings bank account	0.01	0.01
Cash and Cash Equivalents as per Balance Sheet (Note no. 9)	171.61	104.29
c. Bank Overdraft		-
Total Cash and Cash Equivalents in Cash Flow Statement	171.61	104.29

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 30.05.2019

For and on behalf of Board of Directors

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(E.V.S.V. Sarma)

Company Secretary

(P.S. Subramanyam)

President (Finance)

(Navrang Lal Tibrewal)

Director

DIN: 00030151

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

A. Equity Share Capital

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
At the beginning of the year	1667.23	1667.23
Changes in equity share capital during the year	-	-
At the end of the year	1667.23	1667.23
Add: Forfeited Shares	177.30	177.30
	1844.53	1844.53

B. Other Equity (Refer Note: 17)

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Reserves and Surplus		Items of Other Comprehensive Income			Total	
	Capital Reserve	Securities Premium	Other Reserves	Retained Earnings	Remeasurements of net defined benefit plans		Equity Instruments through OCI
Balance as at 31st March 2017	214.35	8,252.01	5,122.11	12,390.03	(23.81)	(0.46)	25,954.23
Total Comprehensive Income for the year ended 31st March 2018	-	-	-	515.05	(38.42)	(0.85)	475.78
Transfer to General Reserve			100.00	(100.00)			
Equity portion on unsecured loan from Directors received during the year (net of income tax)			10.74				10.74
Equity Dividend paid including Dividend Distribution tax				(200.66)			(200.66)
Balance as at 31st March 2018	214.35	8,252.01	5,232.85	12,604.42	(62.23)	(1.31)	26,240.09
Total Comprehensive Income for the year ended 31st March 2019				(843.83)	(30.45)	(0.90)	(875.18)
Opening Stock Revaluation difference Balance as at 31st March 2019				(237.14)			(237.14)
	214.35	8,252.01	5,232.85	11,523.45	(92.68)	(2.21)	25,127.77

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 30.05.2019

(E.V.S.V. Sarma)

Company Secretary

(P.S. Subramanyam)

President (Finance)

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

CORPORATE INFORMATION

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation and Measurement:

Explicit Statement of Compliance with Ind AS:

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

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

1.2. Current Vs Non-current classifications:

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

1.3. Use of Estimates, Judgements and Assumptions:

The preparation of financial statements in conformity with the IND AS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. The

application of Accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

- Defined benefit obligation.
- Estimation of useful life of Property, Plant and Equipment.
- Estimation of Provisions and Contingent liabilities
- Estimation of Impairment
- Recognition of Deferred taxes

1.4. Significant accounting policies:

1.4.1. Property, Plant and Equipment:

- Measurement at recognition

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

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

- **Capital Work in Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

- **Transition to Ind AS**

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

- **Depreciation and amortization methods**

a) Depreciation is provided on Straight Line Method on the assets, over the useful lives specified in Schedule II to the Companies Act, 2013.

b) Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

- **Impairment**

a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

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

1.4.2 Intangible Assets:

- **Computer Software**

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

- **Amortization Methods**

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

- **Impairment**

a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

1.4.3 Borrowing Costs

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

1.4.4 Inventories

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

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

Scrap is valued at Net realizable value.

The cost is computed on weighted average basis.

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this IndAS-16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

1.4.5 Financial Instruments

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

Financial Assets

- **Initial recognition and measurement:**

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

- **Subsequent measurement:**

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

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

- a) **Financial Asset measured at amortized cost**

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

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

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

Financial assets that are held within a business model whose objective is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

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

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

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

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

• Impairment

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

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

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected

credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

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

• Derecognition

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

Financial Liabilities

• Initial Recognition and Measurement

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

• Subsequent Measurement

a. Financial liabilities at fair value through profit or loss

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

b. Financial liabilities at amortized cost

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

• Derecognition

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

1.4.6 Government Grants

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

The company has retained sales tax collected from customers under a scheme of deferral of sales tax and to be repaid, with out interest , after a specified period and that retained amount is considered as unsecured loan. The benefit of Zero rate of interest is measured as the difference between the initial carrying value of the said loan amount determined in accordance with IndAS 109 and the amount collected and retained. Income from such benefit is recognized on a systematic basis over the period of the said loan during which the Company recognizes interest expense corresponding to such loans .

1.4.7 Revenue

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

- **Sale of goods:**

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

- **Interest / Dividend**

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

1.4.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all

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

1.4.9 Prior period items

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

1.4.10 Cash and cash equivalents

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

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

1.4.11 Income taxes

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

1.4.12 Provisions and contingent liabilities

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

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

- **Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

1.4.13 Earnings per share

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

1.4.14 Foreign Currency transactions

- **Functional and Reporting Currency:**

The Company's functional and reporting currency is Indian National Rupee.(as well as)

- **Initial Recognition:**

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

- **Conversion on reporting date:**

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

- **Exchange Differences:**

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

1.4.15 Employee Benefits

- **Defined Contribution Plan**

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

- **Defined Benefit Plan**

- a. **Gratuity**

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

- b. **Compensated absences**

Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

1.4.16 Dividends

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

1.4.17 Recent Accounting Pronouncement

a) Ind AS 116, Leases:

On March 30, 2019 the Ministry of Corporate Affairs has notified Ind AS 116. This accounting standard will replace the existing lease standard Ind AS17- Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of lease for both the parties to a contract i.e. lessee and lessor. Ind AS 116 introduces a single lease accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying assets is of low value. The effective date for the adoption of Ind AS 116 is annual period beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8, Accounting policies, changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Company is currently assessing the detailed financial impact of this standard on its financial statements.

b) Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C,

Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount of the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

Full retrospective approach - Under this approach Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives

The Company is currently assessing the detailed financial impact of this standard on its financial statements.

c) Amendment to Ind AS 12, Income Taxes:

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluation the effect of this amendment on the standalone financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

2

(A) Property, Plant & Equipment:

(All amounts ₹ in lakhs, unless otherwise stated)

Sl. No	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 31 March 2018	Additions	Deletions	As at 31 March 2019	Upto 31 March 2018	For the year	On Deletions	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
1	Land (Freehold)	499.25	-	-	499.25	-	-	-	499.25	499.25
2	Buildings									
	Factory	9463.00	-	-	9463.00	2,775.39	300.12	-	6387.49	6687.61
	Non Factory Building	3,517.22	22.11	-	3,539.33	739.94	112.82	-	2,686.56	2,777.28
	Township	727.41	70.91	-	798.32	99.37	11.87	-	687.08	628.04
3	Plant & Machinery									
	Workshop equipment	8.02	0.12	-	8.14	7.35	0.13	-	7.48	0.66
	Plant and Machinery	54,434.38	21,699	263.66	54,387.71	28,438.02	1,780.89	235.99	29,982.90	24,404.81
	Testing Equipment	570.81	2.92	-	573.73	362.96	26.70	-	389.66	184.07
	Electrical Installations	5,382.66	0.33	10.28	5,372.71	2,739.31	167.18	9.76	2,896.73	2,475.98
	Weighing Machines	46.83	1.28	-	48.11	29.02	2.21	-	31.23	16.88
	Water Works	481.06	1.59	-	482.65	250.64	26.08	-	276.72	205.93
4	Furniture and Fixtures	526.95	16.09	-	543.04	373.90	45.38	-	419.28	123.76
5	Office equipment									
	Vehicles	314.64	15.45	13.54	316.55	162.49	36.85	11.37	187.97	128.58
7	Data Processing Equipment	307.55	4.27	2.90	308.92	287.04	7.71	-	294.75	14.17
8	Power lines*	553.41	-	-	553.41	304.34	55.32	-	359.67	193.74
	TOTAL (A)	76,833.19	352.06	290.38	76,894.87	36,569.77	2,573.26	257.12	38,885.91	38,008.96
	(B) Capital Work-in-progress									
		169.39	322.86	352.61	139.64	-	-	-	139.64	169.39
	Total (B)	169.39	322.86	352.61	139.64	-	-	-	139.64	169.39
	Less: Internal transfers									
		-	(352.61)	(352.61)	-	-	-	-	-	-
		77,002.58	322.51	290.38	77,034.51	36,569.77	2,573.26	257.12	38,885.91	38,148.60
										40,432.81

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

3. Other Intangible Assets:

(All amounts ₹ in lakhs, unless otherwise stated)

Sl. No	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 31 March 2018	Additions	Deletions	As at 31 March 2019	Upto 31 March 2018	For the year	On Deletions	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
	Computer Software	161.38	0.55	-	161.93	137.77	2.82	-	140.59	23.61
	Total	161.38	0.55	-	161.93	137.77	2.82	-	140.59	23.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2018

2

(All amounts ₹ in lakhs, unless otherwise stated)												
(B) Property, Plant and Equipment												
Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 31 March, 2017	Additions	Deletions	As at 31 March, 2018	Upto 31 March, 2017	For the year	On Deletions	Upto 31st March, 2018	As at 31st March, 2018	As at 31 March, 2017	
(A)												
1	Land (freehold)	499.25	-	-	499.25	-	-	-	-	-	499.25	499.25
2	Buildings											
	Factory	9,065.54	397.46	-	9,463.00	2,484.92	290.47	2,775.39	2,775.39	6,687.61	6,580.62	6,580.62
	Non Factory Building	3,414.47	1,02.75	-	3,517.22	632.40	107.54	739.94	739.94	2,777.28	2,732.07	2,732.07
	Township	712.60	14.81	-	727.41	87.94	11.43	99.37	99.37	628.04	624.66	624.66
3	Plant & Machinery											
	Workshop equipment	8.02	-	-	8.02	7.26	0.09	7.35	7.35	0.67	0.76	0.76
	Plant and Machinery	52,883.11	1,741.19	1,89.92	54,434.38	26,526.93	2,091.52	28,438.02	28,438.02	25,996.36	26,356.18	26,356.18
	Testing Equipment	568.40	2.41	-	570.81	330.96	32.00	362.96	362.96	207.85	237.44	237.44
	Electrical Installations	5,340.87	41.79	-	5,382.66	2,562.29	1,77.02	2,739.31	2,739.31	2,643.35	2,778.58	2,778.58
	Weighing Machines	45.87	0.96	-	46.83	26.83	2.19	29.02	29.02	17.81	19.04	19.04
	Water Works	479.40	1.66	-	481.06	224.04	26.60	250.64	250.64	230.42	255.36	255.36
4	Furniture and Fixtures	496.31	30.64	-	526.95	341.29	32.61	373.90	373.90	153.05	135.02	135.02
5	Office equipment	-	-	-	-	-	-	-	-	-	-	-
6	Vehicles	319.86	0.62	5.84	314.64	131.49	36.55	162.49	162.49	152.15	188.37	188.37
7	Data Processing Equipment	301.22	6.33	-	307.55	272.95	14.09	287.04	287.04	20.51	28.27	28.27
8	Power lines*	553.41	-	-	553.41	249.02	55.32	304.34	304.34	249.07	304.39	304.39
	TOTAL (A)	74,688.33	2,340.62	195.76	76,833.19	33,878.32	2,877.43	36,569.77	36,569.77	40,263.42	40,810.01	40,810.01
(B)	Capital Work-in-progress	1,517.98	992.00	2,340.59	169.39	-	-	-	-	169.39	1,517.98	1,517.98
	TOTAL (B)	1,517.98	992.00	(2,340.59)	169.39	-	-	-	-	169.39	1,517.98	1,517.98
	Less: Internal transfers	76,206.31	992.03	195.76	77,002.58	33,878.32	2,877.43	36,569.77	36,569.77	40,432.81	42,327.99	42,327.99
	Total											

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

4 Loans (Unsecured, considered good)

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Deposits - Recoverable (Telephone, APSEB, Electricity, Coal deposits and others)	572.49	503.75
Security Deposit (NSC pledged as security for ₹10,000/- with Sales Tax Dept.)	0.10	0.10
Total	572.59	503.85

5 Other financial assets - Non current

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Term Deposits with balance maturity of more than 12 months - Margin money deposits on LCs and Bank Guarantees	0.74	52.25
Total	0.74	52.25

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

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Advance for capital purchase	86.04	89.74
Prepaid Lease Rent (Refer Note no. 35.2)	575.03	581.34
Total	661.07	671.08

7 Inventories

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
At Cost		
Raw materials		
- Cotton	903.38	1,130.31
- Yarn	434.18	873.44
- Polyester Staple Fibre	271.49	261.60
- Viscose Staple Fibre	105.82	35.26
- Fabric	348.63	97.48
At lower of cost or Net Realisable Value	-	-
Work-in-progress	3,919.75	6,820.11
Finished goods	4,760.83	6,021.29
At Cost	-	-
Stores and spares		
- Dyes & Chemicals	1,062.28	929.42
- Coal	197.89	151.63
- Other Stores & Spares	984.16	975.08
At Realisable Value	-	-
Others - Cotton & PV waste	46.81	20.87
Total	13,035.22	17,316.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

8 Investments

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Investment in Equity Instruments (At fair value - Traded - Quoted)		
(i) Suryavanshi Spinning Mills Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹10/- each)	1.83	2.25
(ii) Ananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of ₹10/- each)	0.60	0.91
(iii) Sheshadri Industries Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹10/- each)	1.68	1.85
Total	4.11	5.01

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
a. Aggregate amount of Quoted Investments	105.19	105.19
Market Value of Quoted Investments	4.11	5.01
b. Aggregate amount of impairment in value of investments	101.08	100.18

9 Trade Receivables

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Unsecured, considered good	16,824.35	17,733.72
Total	16,824.35	17,733.72

10 Cash and cash equivalents

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Balances with banks		
- In current accounts	154.73	100.61
Cash on hand	16.87	3.67
Post office Savings Bank	0.01	0.01
Total	171.61	104.29

11 Other Bank Balances

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Balances with Banks		
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	325.30	432.65
- Term deposits with balance maturity of more than 3 months and less than 12 months	415.00	415.00
- Unpaid Dividend Accounts	14.70	16.66
Total	755.00	864.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

12 Loans (Unsecured, considered good)

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Advances to staff(including advances to officers)	38.95	38.26
Total	38.95	38.26

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

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Other officers of the Company	18.88	30.56
Total	18.88	30.56

13 Other financial assets (Unsecured, considered good)

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Other advances	1,371.14	1,387.82
Interest Accrued	95.02	97.81
Interest subsidy receivable	1,151.21	1,386.57
Deposits recoverable	3.64	3.54
Claims/Other Receivable	2,515.02	2,003.11
Total	5,136.03	4,878.85

14 Current tax assets (net)

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Advance Income tax & TDS Receivable (Net of provision)	131.65	115.55
Total	131.65	115.55

15 Other current assets (Unsecured, considered good)

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
Advance for purchase of raw material and stores	828.52	752.61
Prepaid Expenses	121.04	121.93
T&D Refund receivable	53.35	83.24
Export Benefit Entitlement Receivable	1,247.14	1,105.20
CVD Refund Receivable :		
(i) At ICD Nagpur	134.34	134.34
(ii) At JNPT, Mumbai	10.95	10.95
(iii) Excise Duty Refund Receivable	-	1.97
Balance with Statutory Authorities	-	0.03
Total	2,395.34	2,210.27

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

16 Equity Share Capital

(All amounts ₹ in lakhs, unless otherwise stated)

	31st March 2019	31st March 2018
a. Authorised:		
3,00,00,000 Equity Shares of ₹10/- each	3,000.00	3,000.00
2,00,000, 5% Non Cumulative Redeemable preference Share of ₹100 each	200.00	200.00
6,72,000 10% Cumulative Redeemable preference Share of ₹100 each	672.00	672.00
	3,872.00	3,872.00
b. Issued:		
2,32,01,556 Equity Shares of ₹10/- each	2,320.16	2,320.16
2,00,000, 5% Non Cumulative Redeemable preference Share of ₹100 each	200.00	200.00
5,00,000 10% Cumulative Redeemable preference Share of ₹100 each	500.00	500.00
	3,020.16	3,020.16
c. Subscribed and fully paid:		
1,66,72,290 Equity Shares of ₹10 each	1,667.23	1,667.23
Add: Forfeited Shares	177.30	177.30
	1,844.53	1,844.53

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st Mar 2019		31st March 2018	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,66,72,290	1,667.23	1,66,72,290	1,667.23
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,66,72,290	1,667.23	1,66,72,290	1,667.23

b. Terms/ rights attached to equity shares

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

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st Mar 2019		31st March 2018	
	Number of Shares held	% holding	Number of Shares held	% holding
Equity Shares of ₹10/- each:				
Smt. Satyabhama Bai	30,23,032	18.13%	30,23,032	18.13%
Sri Paritosh Agarwal	14,78,472	8.87%	14,78,472	8.87%
Sri L N Agarwal	13,64,516	8.18%	13,64,516	8.18%
Vedant Agarwal	10,65,356	6.39%	10,65,356	6.39%
Smt. Padmini Agarwal	9,71,815	5.83%	9,71,815	5.83%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

- d. 2,00,000, 5% Non Cumulative Redeemable preference Share of ₹100 each and 5,00,000 10% Cumulative Redeemable preference Share of ₹100 each were issued and reclassified as Financial liability and shown as Unsecured Loan. (Refer Note : 18)
- e. The Board of Directors proposes dividend on 5% Non Cumulative Redeemable Preference shares amounting to ₹10 Lacs and on 10% Cumulative Redeemable Preference Shares amounting to ₹50 Lacs and the amount of Dividend Distribution Tax on Preference Dividend will be ₹12.21 Lacs

17 Other Equity

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
Capital Redemption Reserve	2.09	2.09
Preference Capital Redemption Reserve	671.60	671.60
General Reserve	4260.81	4,260.81
Equity portion on Preference shares	67.03	67.03
Equity portion on unsecured loan from Directors	231.32	231.32
Sub Total	5,232.85	5,232.85
Capital Reserve	214.35	214.35
Securities Premium	8,252.01	8,252.01
Retained earnings	11,523.45	12,604.42
Items of Other Comprehensive Income:		
- Remeasurements of net defined benefits plans	(92.68)	(62.23)
- Equity Instruments through OCI	(2.21)	(1.31)
Total	25,127.77	26,240.09

18 Borrowings

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Secured				
Term loans:				
(a) Banks (TUFS)				
(i) Andhra Bank	-	-	-	132.56
(ii) State Bank of India (erstwhile SBH)	-	-	-	53.02
(iii) Andhra Bank (40Crores)	1,322.90	1,987.07	668.00	668.00
(iv) IDBI Bank Ltd (40 Crores)	1,393.99	2,188.55	800.00	800.00
(v) Exim Bank	447.74	745.54	300.00	300.00
(b) Banks (Non TUFS)				
(i) Lakshmi Vilas Bank Garments Division	456.12	637.91	183.40	183.40
(ii) Axis Bank Limited	2,260.01	2,867.10	612.00	459.00
(iii) South Indian Bank Limited	1,866.35	1,740.29	625.00	-
(c) Vehicle loans				
- from banks	-	0.81	-	9.82
- from others	12.62	19.23	18.09	17.08
Unsecured				
(a) Preference Shares (Issued to Related parties, at amortised cost)				
- 2,00,000 5% Non-Cumulative Redeemable Preference shares of ₹100/- each	171.35	162.92	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

18 Borrowings (Contd..)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)			
	Non-current portion		Current Maturities	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
- 5,00,000 10% Cumulative Redeemable Preference shares of ₹100/- each	500.00	500.00	-	-
(b) Loans from related parties				
- from Directors	3,190.74	2,647.41	-	-
- Inter-corporate Deposits	614.31	896.80	-	-
(c) Deferred Payment liabilities				
- Sales Tax Deferment	54.36	48.30	-	3.27
Total	12,290.49	14,441.93	3,206.49	2,626.15

A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'

B. The term loans referred at (a) (i) to a (iii) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & second charge pari passu on the current assets of the company with existing term lenders and guaranteed by two directors of the company in their personal capacities.

The term loans referred at (a)(iv) to (a)(v) and b(i) to b(iii) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge paripassu & on the current assets of the company on second charge paripassu with existing term Lenders and guranteed by three directors of the company in their personal capacities.

C. Vehicle loans are secured by hypothecation of the respective vehicles and guaranteed by one of the directors of the company.

D. Terms of Repayment:

Particulars	Rate of Interest	(All amounts ₹ in lakhs, unless otherwise stated)			
		As at 31st March 2019		As at 31st March 2018	
		No of Instalments due	Amount	No of Instalments due	Amount
Term loans:					
(a) Banks (TUFS)					
(i) Andhra Bank	13.05%	-	-	3	132.56
(ii) State Bank of India (erstwhile SBH)	13.00%	-	-	1	53.02
(iii) Andhra Bank (40Crores)	12.30%	12	1,990.90	16	2,655.07
(iv) IDBI Bank Ltd (40 Crores)	13.20%	11	2,193.99	15	2,988.55
(v) Exim Bank	11.60%	10	747.74	14	1,045.54
(b) Banks (Non TUFS)					
(i) Lakshmi Vilas Bank - Garments Division	11.10%	14	639.52	18	821.31
(ii) Axis Bank Limited	10.45%	19	2,872.01	22	3,326.10
(iii) South Indian Bank Limited	10.75%	16	2,491.35	16	1,740.29

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Redemption terms of the Preference Shares

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

Sales Tax Deferment - Repayment Schedule:

(All amounts ₹ in lakhs, unless otherwise stated)	
Due Date	Amount (₹ in lakhs)
01.04.2020	5.14
01.04.2021	0.41
01.04.2022	19.56
01.04.2023	57.40
Total	82.51

19 Provisions

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)			
	Non-current portion		Current Maturities	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Provision for employee benefits				
Gratuity (unfunded)	557.84	484.48	113.34	77.21
Compensated absences (unfunded)	101.72	115.55	60.58	40.17
Bonus	-	-	202.54	218.09
Total	659.56	600.03	376.46	335.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

20 Deferred Tax

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31st Mar 2019	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	As at 31st Mar 2018	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	As at 31st Mar 2017
Deferred Tax Liabilities							
Property, Plant & Equipment & Intangible assets	5,516.05	(27.36)	-	5,543.41	(280.73)	-	5,824.14
Fair Value adjustments of financial liabilities	17.31	(30.61)	-	47.92	(19.73)	(5.64)	73.29
Other Non Current Assets	-	-	-	-	-	-	-
	5,533.36	(57.97)	-	5,591.33	(300.46)	(5.64)	5,897.43
Deferred Tax Assets							
Fair Value adjustments of financial liabilities	-	-	-	-	(127.67)	-	127.67
Other Non Current Assets	3.66	(0.69)	-	4.35	(1.72)	-	6.07
Unused Tax Losses	534.33	507.39	-	26.94	26.94	-	-
Employee Benefits & Statutory Liabilities allowed on Payment Basis	324.00	16.07	13.81	294.12	46.86	18.45	228.81
MAT Credit entitlement	722.71	1.16	-	721.55	62.10	-	659.45
	1,584.70	523.93	13.81	1,046.96	6.51	18.45	1,022.00
Net Deferred Tax Liability/(Asset)	3,948.66	(581.90)	(13.81)	4,544.37	(306.97)	(24.09)	4,875.43

21 Other non-current liabilities

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
Deferred Government Grant	26.26	32.82
Total	26.26	32.82

22 Short term Borrowings

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
A. Secured (payable on demand)		
(a) State Bank of India		
Cash Credit	8,144.56	8,690.73
Packing Credit	287.74	-
SLC	1,497.63	1,292.58
(b) State Bank of India (erstwhile SBH)		
Cash Credit	1,128.17	1,011.35
SLC	295.46	280.73
(c) State Bank of India (erstwhile SBM)		
Cash Credit	1,427.57	1,292.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

22 Short term Borrowings (contd..)

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
(d) State bank of India (erstwhile SBT)		
Cash Credit	485.02	498.82
(e) Andhra Bank		
Cash Credit	943.29	946.67
(f) IDBI Bank Ltd		
Cash Credit	503.45	1,514.36
(g) Lakshmi Vilas Bank Ltd		
Cash Credit	1,471.65	1,475.04
(h) Axis Bank		
Commodity funding	1,960.31	1,967.82
(i) Aditya Birla Finance Limited	290.46	274.28
(j) HDFC Bank Ltd	-	50.00
Total (a)	18,435.31	19,294.57
B. Unsecured		
From others (Payable within 6 months from date of receipt):		
i) Inter Corporate Deposits	400.09	625.00
From Others (unsecured)		
Bills Discounted	795.05	1,845.39
Total (b)	1,195.14	2,470.39
Total (a+b)	19,630.45	21,764.96

a. Secured:

- (i) Workcapital loans from (a) to (g) are secured by hypothecation of stocks of raw materials, yarn, fabric, stock-in-process, stores and spares and book debts and by a second mortgage over the (present and future) movable & immovable properties of the company on pari-passu basis and further guaranteed by three Directors of the Company in their personal capacities.
- (ii) Commodity funding purchase bill discounting from Axis Bank is secured by pledge of stock of raw material, in the warehouse and further guaranteed by three Directors of the company in their personal capacities"

b. Unsecured:

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

23 Trade payables

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
Other than Micro, Small and Medium Enterprises	8,531.74	10,038.78
Micro, Small and Medium Enterprises	38.80	-
Total (a)	8,570.54	10,038.78

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

24 Other financial liabilities

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
i. Current maturities of long-term debt (Refer Note - 14)	3,206.49	2,626.15
ii. Interest accrued but not due	205.06	250.81
iii. Unpaid Dividend	14.70	16.66
iv. Dues to others	1,081.12	813.53
v. Creditors for capital goods	104.92	248.91
vi. Employee benefits payable	401.08	462.00
Total	5,013.37	4,418.06

25 Other current liabilities

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	31st March 2018
i. Advances from customers	254.23	493.31
ii. Statutory remittances	99.13	149.89
iii. Contributions to PF & ESI	55.15	46.11
Total	408.51	689.31

26 Revenue from operations

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
(A) Sale of products (including Excise Duty)		
a. Yarn	39,799.39	36,691.31
b. Fabric	31,826.18	35,815.29
c. Power	2,826.09	3,407.62
d. Garment	7,569.27	7,483.20
e. Cotton (traded)	1,163.32	3,503.33
	83,184.25	86,900.75
Less:		
Inter Division sale - Yarn	4,858.30	6,915.82
Inter Division sale - Fabric	2,898.93	2,209.21
Inter Division sale - Power	2,781.69	3,407.62
(B) Sale of Services		
a. Job Work	0.13	3.32
(C) Other Operating Revenue		
a. Sale of Waste	768.10	837.30
b. Export Benefit entitlement	677.15	797.46
c. Packing & Forwarding collection charges	3.75	5.66
d. Scrap Sales	83.36	46.68
Total	74,177.82	76,058.53

* Net of rejections and returns

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

27 Other Income

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
(A) Interest Income on		
a. Bank Deposits	150.11	92.09
(B) Other Non-operating Income (Net of Expenses)		
a. Rent Received	0.49	0.10
b. Provisions written back:		
i. Credit Balances written back	4.01	0.36
ii. Excess Provision written back	12.30	4.68
c. Gain on Foreign currency transaction & translation	461.98	89.74
d. Miscellaneous Receipts	12.25	143.34
e. Government Grant	6.56	6.56
Total	647.70	336.87

28 Raw materials consumed

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Opening Stock	2,398.09	3,283.57
Add: Purchases during the year	39,190.17	40,508.27
	41,588.26	43,791.84
Less: Value of Raw Materials sold	-	11.52
Less: Closing Stock	2,063.50	2,398.09
TOTAL	39,524.76	41,382.23

Details of raw materials consumed

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Cotton	21,756.36	25,393.55
Yarn	2,660.02	2,338.72
Polyster Staple Fibre	11,815.06	10,402.67
Viscose Staple Fibre	3,074.21	2,603.88
Fabric	219.11	643.41
	39,524.76	41,382.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Opening Stock:		
Yarn	1,827.43	1,348.14
Fabric	4,016.78	3,095.30
Work-in-progress	6,820.11	7,327.06
Cotton Waste	20.87	16.80
Garments	177.08	340.46
	12,862.27	12,127.76
Less: Revaluation of rate Difference	(237.14)	-
Less: Closing Stock:		
Yarn	1,308.57	1,827.43
Fabric	3,270.91	4,016.78
Work-in-progress	3,919.75	6,820.11
Cotton Waste	46.81	20.87
Garments	181.35	177.08
	8,727.39	12,862.27
(Increase)/ Decrease in stocks	3,897.74	(734.51)

30 Employee Benefits Expense

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Salaries and Wages	6,939.31	6,678.17
Contribution to provident Funds	372.11	430.96
Gratuity, bonus and incentives	116.47	100.41
Staff welfare expenses	217.98	224.81
Contribution to ESI	144.87	133.66
Total	7,790.74	7,568.01

31 Finance Costs

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Interest on Borrowings	3,227.92	3,377.31
Interest on Preference Shares	80.64	79.70
Other Borrowing cost	420.23	434.56
Unwinding of Interest on Sales Tax Deferment	6.07	5.75
Total	3,734.86	3,897.72

32 Other Expenses

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Consumption of stores & spare parts		
(i) Consumable Stores	1,423.75	1,385.73
(ii) Dyes and Chemicals	3,752.63	4,243.28
(iii) Packing Material Consumed	860.88	847.15
Power and fuel		
(i) Electricity Charges	2,756.16	2,741.87
(ii) Fuel Consumed	3,019.80	3,666.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

32 Other Expenses (Contd..)

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Rent	42.24	42.89
Security Charges	41.36	39.03
Rates & taxes	105.22	312.50
Printing & Stationery	26.35	26.85
Postage, Telegrams & Telephones	54.18	52.43
Travelling & Conveyance	216.80	193.42
Directors' Sitting fees & Travelling expenses	11.07	9.39
Advertisements	4.32	5.70
Expenses on Sales	1,639.61	1,373.89
Commission on Sales	516.05	359.52
Insurance	104.68	111.23
Legal & Professional Charges	152.78	106.16
Payments to auditors :		
- As auditor	4.05	4.05
- for taxation matters	0.65	0.65
- for Certification	1.77	0.66
Repairs to :		
- Buildings	36.72	53.97
- Machinery	1,007.19	1,102.64
- Other Assets	76.39	83.16
Vehicle Maintenance	60.19	57.39
Miscellaneous Expenses	873.13	866.22
Expenses on Corporate Social Responsibility	19.28	13.83
Donations	1.78	3.99
Bad debts and Debit Balances written off	1.77	1.44
Other Manufacturing expenses	268.30	281.22
Managerial remuneration	197.43	29.09
Total	17,276.53	18,015.67

33 Exceptional Items

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Profit/(loss) on sale of assets	19.05	38.33
Transition Credit of Finished & Process Stocks under GST regime	-	153.39
Insurance claim for loss of profits received	-	-
Export commission	-	24.12
Deferred Taxes on above	-	-
Total	19.05	215.84

34 Items that will not be reclassified to profit or loss

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
Remeasurements of defined benefit plans	(44.26)	(56.87)
Equity Instruments through Other Comprehensive Income	(0.90)	(0.85)
Total	(45.16)	(57.72)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31.03.2019	As at 31.03.2018
(i) Against Foreign & Inland Letters of Credit	795.05	4152.41
(ii) Against Bank Guarantees	1953.00	1168.27
(iii) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and set off. The company has filed appeal before STAT (A.P), Hyderabad against the revised demand issued by the DC(CT), Begumpet Division, Hyderabad.	28.82	28.82
(iv) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with Hon'ble High Court of Judicature of Telangana at Hyderabad.	61.49	61.49
(v) TSERC raised demand for Interest/Late payment of charges/dues on the company arising out of delayed receipt of incentive from State Government. The Company is of the opinion that this liability may not arise as there was no delay in payment of dues from Company.	431.51	-
(vi) Company purchased power from Power exchange at its Spinning division at Amanagallu, Mahboobnagar District, Telangana. TSERC imposed Cross subsidy to be paid on power drawn from power exchange at the rate of ₹1.29 per unit. On a challenge by the Company of the Order of TSERC, the Hon'ble High Court of Telangana was pleased to stay the cross subsidy rate of ₹1.29 per unit and allowing the Writ Petition, directed the DISCOM to levy only 30 paise per Unit. Accordingly the Company has been advised that no liability on account of the differential cross subsidy of ₹0.99 paise per unit is likely to arise.	198.49	235.04
(vii) Cases relating to Industrial disputes with workers pending at Labour and Industrial Courts, Nagpur	110.63	40.68
(viii) Demand for Gram Panchayat Tax raised by Gram Panchayat Nagardhan, over and above, Agreement with them, pending before Divisional Commissioner, Maharashtra State, Nagpur.	33.54	23.87
(ix) During the year, Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2013-14 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgements, supporting Assessee's contention	23.69	-
(x) Siri Consultants Ltd filed a suit for recovery against the Company, which was decreed by the City Civil Court, Secunderabad. The Company has challenged the decree in the High Court and the High Court of Telangana was pleased to stay the execution of Decree pending payment. The matter is pending in the High Court	7.19	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.1.a) Contingent Liabilities and commitments not provided for in respect of: (Contd..)

- (xi) Three cases have been filed against the Company for amounts totaling to ₹1348 Lakhs in respect of three cheques allegedly issued by the company. These claims are being resisted on the plea that these cheques have been misused and in the absence of any legally enforceable debt or liability the company has been advised that the complaints are not maintainable and no liability is likely to arise.
- (xii) Rajvir Industries Ltd. has filed an application before the Hon'ble High court of Andhra Pradesh for modification of the Order of the High Court in the scheme of arrangement for transfer of the liability of ₹1000 Lakhs to the company. The application has been dismissed with costs by the High Court and the applicant has preferred an appeal before the High Court which is pending.
- (xiii) The Hon'ble High Court of Telangana has allowed the Writ petition filed by the Company challenging the Order of DGFT, Hyderabad for alleged violation of Target Plus Scheme to recover ₹38.07 crores including interest and penalties and the imposition of penalties on Chairman & Managing Director, Managing Director and some other Directors of the Company. The High Court has also ordered the refund of amount of ₹5 crores deposited by the Company with DGFT, which is awaited.

A show cause notice on the same issue was issued by DRI and the Commissioner of Customs & Central Excise has confirmed the demand in the Show Cause Notice. The Company's appeal is pending before CESTAT, Mumbai. The Company has been advised that no liability is likely to arise under the notice as the allegations are unfounded and the company is taking adequate steps to defend itself.

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at 31.03.2019	As at 1.03.2018
(i) Contracts to be executed on capital accounts	101.99	53.56

- (xiv) During the financial year, the workers in the Company's Denim Unit at Ramtek were on strike from 13th February, 2019 followed by a lock out declared by the Company from 8th March, 2019. The lock out is expected to be lifted soon. As a result of this and the sluggish Denim Market the Company's performance has been badly impacted.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.3. Foreign Exchange Earnings and Expenditure:

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current Year	Previous Year
a) Value of Imports calculated on CIF basis		
i) Fixed Asset- Plant and Machinery	-	1.18
ii) Raw Materials	1,831.68	778.46
iii) Spares	2,345.39	1,707.75
b) Expenditure in foreign currency on account of		
Interest	-	17.60
Principal repayment	-	349.84
Commission on Export Sales	245.84	233.89
Foreign Travel (Excluding tickets purchased in India)	25.29	19.87
Foreign Technical & Consultancy services	0.97	21.01
Others	9.78	41.94

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current Year		Previous Year	
	(₹ in lakhs)	Previous Year	(₹ in lakhs)	% holding
Indigenous	39,145.08	90.45	43,904.18	96.23
Imported	4,132.31	9.55	1,721.33	3.77
Total	43,277.39	100.00	45,625.51	100.00

- d) Earnings in foreign Exchange:

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Export of goods calculated on F.O.B basis	18,090.19	15,656.37

35.4. There was a major fire accident in spinning department of denim division at Ramtek, Nagapur district, Maharashtra state during January, 2008, in which the Building, Plant & Machinery, Electrical Installations and stocks were totally damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. The Company's Insurance claim is processed and settled partly. The Company received an amount of ₹2609 lakhs from the Insurance Company including salvage. The part claim of ₹490 lakhs which is still to be settled by the Insurance Company is shown under Claims receivable. The Company's complaint in this matter is pending before national Consumer disputes Redressal commission (NCDRC), New Delhi.

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

35.5.1. Capital Management

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

The company determines the amount of capital required on the basis of annual operating plans and long-term

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings.

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

Gearing Ratio

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	As at 31.03.2019	As at 31.03.2018
(a) Debt	31920.94	36206.89
(b) Cash & Cash Equivalents	171.61	104.29
(c) Net Debt (a) - (b)	31749.33	36102.60
(d) Total Equity	26,972.30	28,084.62
Net debt to equity ratio (c)/(d)	1.18	1.29

35.5.2. Income Taxes

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

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
(i) Tax expense recognized in Statement of Profit and loss	(₹)	(₹)
Current Tax	NIL	63.44
Deferred Tax (including MAT Credit Entitlement)	(581.90)	(306.97)
Total	(581.90)	(243.53)
(ii) Effective tax Reconciliation		
(a) Profit/(loss) before tax	(1425.72)	271.52
(b) Applicable tax rate	31.20%	33.063%
(c) Tax expense on Net profit (a*b)	(444.82)	89.77
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	34.47	32.71
- Interest on Income tax	NIL	1.35
- Due to decrease in rate of tax	(278.93)	(367.36)
- Others	107.38	-
Total (d)	(137.08)	(333.30)
(e) Tax Expense as per Statement of Profit and loss (c+d)	(581.90)	(243.53)

35.5.3. Post-Employment Benefits

a. Contributions to Defined Contribution Plans

(All amounts ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
Contribution to Provident and other funds	372.10	430.96
Contribution to Employee State Insurance	144.87	133.66
Total	516.67	564.62

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

b. Defined Benefit Plans

(i) Gratuity (unfunded)

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	565.83	544.07
Interest cost	43.69	41.29
Current services cost	73.09	49.87
Benefits paid	(39.41)	(55.82)
Actuarial(gains)/losses on obligation	32.42	(13.58)
Closing defined benefit obligation	675.62	565.83
B Changes in Fair Value of Plan Assets		
Opening Fair value of plan assets	4.15	57.04
Adjustments to opening balance	-	(9.24)
Expected Return	0.32	0.00
Contributions	39.41	10.00
Benefits paid	(39.41)	(55.82)
Premium expenses	nil	nil
Actuarial Gain/(loss)	(0.01)	2.17
Closing fair value of plan assets	4.46	4.15
C Expenses recognized in statement of profit and loss		
Current Service Cost	73.09	49.87
Interest Cost on benefit obligation	43.69	41.29
Expected return on plan assets	(0.32)	0
Premium Expenses	32.43	(15.75)
Total	148.89	75.42
D Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	32.42	(13.58)
Return on plan assets (greater)/lesser than discount rate	0.01	(2.17)
Total	32.43	(15.75)
E Actuarial Assumptions		
Salary Escalation	10%	10%
Rate of Discounting	7.65%	8%
Attrition rate (Age related)	10%	13.60%
Mortality table	LIC (2006-08)	LIC (2006-08)
Expected rate of return on plan assets	0%	0%
Retirement age	58 years	58 years

F. Sensitivity Analysis

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	
	Increase	Decrease
Salary escalation	735.60	622.76
Attrition rate	707.61	639.85
Rate of Discounting	629.60	728.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

(ii) Leave Encashment (unfunded)

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	As at	
	31.03.2019	31.03.2018
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	155.71	123.00
Interest cost	10.30	7.71
Current services cost	38.45	5.69
Benefits paid	(53.96)	(53.31)
Actuarial(gains)/losses on obligation	11.83	72.62
Closing defined benefit obligation	162.33	155.71
B Expenses recognized in statement of profit and loss		
Current Service Cost	38.45	5.69
Interest Cost on benefit obligation	10.30	7.71
Total	48.75	13.40
C Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	11.83	72.62
Total	11.83	72.62
D Actuarial Assumptions		
Salary escalation	1%	10%
Rate of Discounting	7.65%	8%
Attrition rate (Age related)	2% to 10%	13.60%
Mortality table	LIC (2006-08)	LIC (2006-08)
Retirement age	58 years	58 years

E. Sensitivity Analysis

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

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	31st March 2019	
	Increase	Decrease
Salary escalation	169.62	155.51
Attrition rate	164.27	160.25
Rate of Discounting	156.88	168.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.5.4. Related Party Disclosures

Name of Related Parties	Nature of Relationship
a. Shri L N Agarwal (Chairman & Managing Director)	Key Managerial Personnel
b. Shri Paritosh K. Agarwal (Managing Director)	
c. Smt Padmini Agarwal (Whole time Director)	
d. Shri E.V.S.V Sarma (Company Secretary)	
e. Shri P.S Subramanyam	
f. Smt. Sabita Jain	Relatives of Key Managerial Personnel
g. Ms. Aparna Agarwal	
h. L.N Agarwal family trust	
i. M/s Jayman Dealer Pvt. Ltd	Enterprises over which key managerial personnel and their relatives have significant influence
j. M/s SVP Distributors Pvt. Ltd	
k. Shri L.N Agarwal (HUF)	

(i) Transactions with Key Managerial Personnel

(All amounts ₹ in lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2019	Receivable/ (Payable) as on 31.03.2018
Remuneration:				
Shri L N Agarwal	80.20	12.06	(1.00)	nil
Shri Paritosh K. Agarwal	70.43	11.03	(0.35)	nil
Smt Padmini Agarwal	46.80	6.00	(2.90)	nil
Shri E.V.S.V Sarma	26.03	21.82	nil	nil
Shri P Siva Subramanyam	19.14	22.67	nil	nil
Interest:				
Shri L N Agarwal	42.32	60.27	(3.55)	nil
Shri Paritosh K. Agarwal	55.05	84.59	(5.02)	(16.73)
Smt Padmini Agarwal	44.70	69.70	(3.49)	(21.93)
Unsecured Loan:				
Shri L N Agarwal	nil	nil	(930.00)	(770.00)
Shri Paritosh K. Agarwal	nil	nil	(1313.00)	(1064.00)
Smt Padmini Agarwal	nil	nil	(942.00)	(877.00)

(ii) Sitting Fees paid to Independent directors:

(All amounts ₹ in lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2019	Receivable/ (Payable) as on 31.03.2018
Shri R Surender Reddy	0.30	0.23	nil	nil
Shri Navranglal Tibrewal	0.30	0.23	nil	nil
Shri R S Agarwal	0.30	0.30	nil	nil
Shri A Mallikarjun/ Shri VVS Ravindra (Nominee Directors, IDBI Bank Limited)*	0.30	0.30	nil	nil
Shri Dhruv Vijai Singh	0.20	0.20	nil	nil
Shri G Vivekanand	0.15	0.05	nil	nil

*paid to IDBI Bank Ltd. as per their directions

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

(iii) Transactions with Relatives of Key Managerial Personnel

Nature of transactions	(All amounts ₹ in lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2019	Receivable/ (Payable) as on 31.03.2018
Rent:				
Smt Sabita Jain	10.20	9.90	(4.59)	(6.89)
Interest:				
Ms Aparna Agarwal	1.08	1.08	(0.97)	(0.97)
Unsecured Loans:				
Ms Aparna Agarwal	nil	nil	(12.00)	(12.00)

(iv) Transaction with Enterprises over which key managerial personnel have significant influence:

Nature of transactions	(All amounts ₹ in lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2019	Receivable/ (Payable) as on 31.03.2018
Interest:				
Shri L N Agarwal (HUF)	0.65	0.65	(0.65)	(0.59)
M/s. Jayman Dealers Pvt Ltd	13.45	49.23	(0.28)	(44.31)
M/s. SVP Distributors Pvt. Ltd	27.93	26.03	(3.05)	(23.42)
Unsecured Loans:				
L N Agarwal (HUF)	-	-	(7.25)	(7.25)
Sales:				
M/s. Jayman Dealer Pvt Ltd	744.23	248.76	1000.99	402.55
Purchase of fabric:				
M/s. Jayman Dealer Pvt Ltd	-	0.10	-	(0.10)
Rent:				
M/s. Jayman Dealer Pvt Ltd	2.40	0.94	-	(0.24)
Inter Corporate Deposits:				
M/s. Jayman Dealer Pvt Ltd	nil	nil	(92.00)	(585.00)
M/s. SVP Distributors Pvt Ltd	nil	nil	(506.00)	(311.80)
Trade Mark:				
M/s. Jayman Dealer Pvt Ltd	0.10	-	-	-

35.5.5. Earnings per share

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)	
	Current year	Previous Year
(a) Profit/(loss) after tax (in ₹)	(843.83)	515.05
(b) Number of shares outstanding (face value of ₹10 each)	166.72	166.72
(c) Earnings Per Share (in ₹)	(5.06)	3.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.5.6. Financial Instruments

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

Level 1 - Quoted prices in an active market:

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

Level 2 - Valuation techniques with observable inputs:

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

Level 3 - Valuation techniques with significant unobservable inputs:

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

Financial Assets & Financial Liabilities

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
As at 31st March 2019							
Financial Assets							
Investments (Refer note below)			4.11	4.11	4.11		
Trade Receivables	16,824.35			16,824.35			
Cash and cash equivalents	171.61			171.61			
Bank balances other than (ii) above	755.00			755.00			
Loans	611.54			611.54			
Others	5,136.77			5,136.77			
Financial Liabilities							
Borrowings	31,920.94			31,920.94			
Trade Payables	8,570.54			8,570.54			
Others	5,013.37			5,013.37			
As at 31st March 2018							
Financial Assets							
Investments (Refer note below)			5.02	5.02	5.02		
Trade Receivables	17,733.72			17,733.72			
Cash and cash equivalents	104.29			104.29			
Bank balances other than (ii) above	864.32			864.32			
Loans	542.10			542.10			
Others	4,931.09			4,931.09			
Financial Liabilities							
Borrowings	36,206.87			36,206.87			
Trade Payables	10,038.78			10,038.78			
Others	4,418.07			4,418.07			

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.5.7. Financial Risk Management Objectives and Policies

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

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

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

(i) Market Risk:

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

a. Interest Rate Risk

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

b. Foreign Currency Risk

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

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

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

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)		
	Change in Rate	For the year ended 31st March 2019	For the year ended 31st March 2018
USD	+ 0.50%	(5.49)	(0.47)
	- 0.50%	5.49	0.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

c. Other price risk

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

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

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

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)			
	Impact on Profit & Loss		Impact on OCI	
	2018-19	2017-18	2018-19	2017-18
Mutual Fund (1% change in price)	nil	nil	0.50	0.59
Total	nil	nil	0.50	0.59

(ii) Credit Risk:

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

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

(iii) Liquidity Risk:

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

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

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

Particulars	(All amounts ₹ in lakhs, unless otherwise stated)				
	Total	On Demand	< 1 Year	1 to 5 Years	> 5 Years
As at 31 March 2018					
Borrowings - Non-Current	14,441.93	-	-	13,941.92	500.00
Borrowings - Current	21,764.96	19,020.29	2,744.67	-	-
Trade Payables	10,038.7	10,038.78	-	-	-
Other financial liabilities	4,418.07	1,791.92	2,626.15	-	-
As at 31 March 2019					
Borrowings - Non-Current	12,290.49	-	-	11,790.49	500.00
Borrowings - Current	19,630.45	18,144.84	1,485.61	-	-
Trade Payables	8,570.54	8,531.74	38.80	-	-
Other financial liabilities	5,013.37	1,806.88	3,206.49	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.5.8. Operating Segments

Factors used to identify the reportable segments

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Current year	Previous Year
1. Segment Revenue		
Spinning	39,931.03	41,618.74
Denim	35,398.26	37,324.43
Power plant	2,826.09	3,504.59
Garment	7,666.46	7,549.57
Unallocated	58.39	38.02
Total	85,880.23	90,035.35
Less: Inter Segment Revenue	11,054.71	13,639.95
Total Revenue	74,825.52	76,395.40
2. Segment Results		
Spinning	2,617.23	2,858.98
Denim	(219.59)	864.31
Power plant	59.31	214.34
Garment	(207.12)	192.75
Unallocated	59.29	38.86
Total	2,309.12	4,169.24
Less: Interest	3,734.86	3,897.72
Profit before tax	(1,425.74)	271.52
3. Segment Assets		
Spinning	27,024.99	26,739.95
Denim	30,485.86	35,909.34
Power plant	11,766.62	12,461.04
Garment	5,602.83	6,683.25
Unallocated	3,016.30	3,156.77
Total	77,896.60	84,950.35
4. Segment liabilities		
Spinning	18,468.70	20,565.75
Denim	13,500.96	16,665.54
Power plant	12,418.95	12,710.27
Garment	5,870.06	6,311.15
Unallocated	665.63	613.00
Total	50,924.30	56,865.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

(a) Information about Products and Services

(All amounts ₹ in lakhs, unless otherwise stated)

Products	Revenues
a. Yarn	34,941.09
b. Fabric	28,927.25
c. Garment	7,569.27
d. Cotton (traded)	11,63.32
e. Sale of Waste	768.10
f. Power	44.40
g. Sale of Services	0.13
h. Export Benefit entitlement	677.15
i. Packing & Forwarding collection charges	3.75
j. Scrap Sales	83.36
TOTAL	74,177.82

(b) Information about geographical areas

(All amounts ₹ in lakhs, unless otherwise stated)

Geographical Location	Revenues	Non Current Assets other than financial instruments and deferred tax assets
(A) Within India	55,899.59	38,831.01
(B) Outside India		
- Bangladesh	10,061.91	
- Madagascar	757.58	
- Guatemala	1,337.18	
- Jordan	3,275.84	
- South Korea	465.36	
- Venezuela	283.77	
- Others	2,096.59	
TOTAL	74,177.82	

(c) Information about major customers

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

35.5.9. Dues to Micro, Small and Medium Enterprises

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

35.5.11. FIRST TIME ADOPTION OF IND AS

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

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

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

A. Optional Exemptions from retrospective application

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

(i) Business Combinations:

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

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

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

B. Mandatory Exceptions from retrospective application

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

(i) Estimates:

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

(ii) Classification and measurement of financial assets:

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

(iii) Government loans:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

C. Transition to Ind AS – Reconciliations

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

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

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

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

(i) Due to Ind AS Adjustments

1. Lease hold land:

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

2. Borrowing cost (Upfront fees):

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

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

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

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

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

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

4. Preference Shares:

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

5. Excise duty:

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

6. Remeasurement of Defined Benefit Plans:

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

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

7. Revaluation Reserve:

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

8. Unsecured Loans from Directors

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

9. Deferred Tax:

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

10. Investments in Equity Shares

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

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

(ii) Due to Errors made under Previous GAAP

11. Preliminary, Product Development and Trial Run Expenditure

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

as per our report of even date

For and on behalf of Board of Directors

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

(P Govardhana Reddy)
Partner
Membership No. 029193

Place: Hyderabad
Date: 30.05.2019

(E.V.S.V. Sarma)
Company Secretary

(P.S. Subramanyam)
President (Finance)

(L. N. Agarwal)
Chairman & Managing Director
DIN: 00008721

(Paritosh K. Agarwal)
Managing Director
DIN: 00008738

(Navrang Lal Tibrewal)
Director
DIN: 00030151

NOTICE

NOTICE is hereby given that the 56th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Monday, the 30th September, 2019 at 10.30A.M at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D. Road, Secundrabad-500003 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2019 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on 5% Non-Cum, Preference Shares of the Company for the year ended 31st March, 2019.
3. To declare dividend on 10% Cum, Preference Shares of the Company for the year ended 31st March, 2019.
4. To appoint a Director in place of Sri Paritosh Agarwal, Managing Director (DIN : 00008738) who retires by rotation and who, being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

5: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A **SPECIAL RESOLUTION:**

A. "RESOLVED THAT the Company do hereby approve and ratify in terms of Section 180 and other applicable provisions if any, of the Companies Act, 2013, the mortgaging / charging by the Board of Directors of the Company (hereinafter referred to as Board) of all the immovable properties of the Company situated at Amanagallu, Ranga Reddy Dist., Jadcherla, Ranga Reddy Dist., Garment Division, Ranga Reddy Dist., Registered Office, Secunderabad all in the state of Telangana, Amravati Unit at Amravati Dist., and Denim Division at Ramtek both in the State of Maharashtra in favour of State Bank of India (SBI), SBI acting for itself and on behalf of IDBI Bank Limited, Andhra Bank, EXIM Bank, AXIS Bank and Lakshmi Vilas Bank Ltd., to secure the Term Loans aggregating to ₹152.53 Crores on FIRST CHARGE PARI PASSU BASIS and working capital facilities aggregating to ₹302.25 Crores on SECOND pari passu charge basis, with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s) entered into by the Company.

PROVIDED that the above mortgage on FIRST PARIPASSU CHARGE BASIS to secure the term loans and on SECOND PARIPASSU CHARGE BASIS to secure the working capital facilities shall rank paripassu with the charges created / to be created.

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

B. "RESOLVED THAT the Company do hereby approve / ratify in terms of Section 180 and other applicable provisions if any, of the Companies Act, 2013 the mortgaging and/or charging by the Board of Directors ("Board") of the Company of all the movable and immovable properties of the Company where so ever situate, present and future, of the whole of the undertakings of the Company on FIRST CHARGE BASIS to secure the term loans sanctioned to the Company by its term lenders (Andhra Bank, Axis Bank Limited, Export Import Bank of India, IDBI Bank Limited, The Lakshmi Vilas Bank Ltd, South Indian Bank Limited and State Bank of India are hereinafter referred to as "Term Lenders") (together with a Second Charge on current assets of the Company) and on the entire current assets of the Company on FIRST CHARGE BASIS to secure the working capital loans sanctioned by the Working Capital Lenders (Andhra Bank, IDBI Bank Ltd., The Lakshmi Vilas Bank Ltd., and State Bank of India are hereinafter referred to as "Working Capital Lenders") (together with a Second Charge on the movable and immovable properties of the Company) together with power to take over the management of the business and concern of the Company in certain events to or in favour of SBICAP Trustee Company Limited (SBICAP TRUSTEE), the security trustee acting for the benefit of the Company's Term Lenders and Working Capital Lenders together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s) entered/to be entered into by the Company.

"RESOLVED FURTHER THAT the Company do hereby authorize the Board to take all necessary steps for the execution of the documents for creation of the aforesaid mortgage/charge".

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

6: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A **SPECIAL RESOLUTION**:

"RESOLVED THAT subject to the provisions of sections 196, 197, 203 and 152 and other applicable provisions if any of the Companies Act, 2013 read with schedule V thereof and Companies (appointment and remuneration of managerial personnel) rules, 2014 as amended upto date, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to the re-appointment of Sri L.N.Agarwal (DIN : 00008721) as Chairman and Managing Director for a period of five years from 22.06.2019 to 21.06.2024 on the following terms and conditions :

i. SALARY : ₹5,00,000/- per month

ii. COMMISSION

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

iii. PERQUISITES

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

CATEGORY - A

(i) HOUSING :

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

(ii) MEDICAL REIMBURSEMENT :

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

(iii) LEAVE TRAVEL CONCESSION :

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

(iv) CLUB FEES :

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

(v) PERSONAL ACCIDENT INSURANCE :

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

CATEGORY - B

(i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

(ii) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

CATEGORY - C

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

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

"RESOLVED FURTHER THAT in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time, the Company do hereby ratify the aforesaid remuneration paid to Sri L.N.Agarwal, Chairman and Managing Director for the period 01/04/2019 to 21/06/2019."

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

7: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A **SPECIAL RESOLUTION**:

"RESOLVED THAT subject to the provisions of sections 196, 197, 203 and 152 and other applicable provisions if any of the Companies Act, 2013 read with schedule V thereof and Companies (appointment and remuneration of managerial personnel) rules, 2014 as amended upto date, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to the re-appointment of Smt. Padmini Agarwal (DIN : 01652449) as Whole time Director liable to retire by rotation for a period of 5 years i.e. from 27/05/2019 to 26/05/2024 on the following terms of remuneration :

a) Basic Pay and Allowances at ₹3,00,000/- per month.

PERQUISITES

In addition to the salary as stated above Smt. Padmini Agarwal shall be entitled to the following perquisites.

CATEGORY - A

(i) HOUSING :

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

(ii) MEDICAL REIMBURSEMENT :

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

(iii) LEAVE TRAVEL CONCESSION :

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

(iv) CLUB FEES :

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

(v) PERSONAL ACCIDENT INSURANCE :

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

CATEGORY - B

(i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

(ii) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

CATEGORY - C

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

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

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

"RESOLVED FURTHER THAT in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time, the

Company do hereby ratify the aforesaid remuneration paid to Smt. Padmini Agarwal, Whole-time Director for the period 01/04/2019 to 26/05/2019."

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

8: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time to continue payment of the remuneration to Sri Paritosh Agarwal, Managing Director (DIN:00008728) as set out in the resolution passed by the members of the Company in the Annual General Meeting held on 28/07/2016 till the end of his term of employment i.e., until 20/06/2020."

"RESOLVED FURTHER THAT the Company do hereby confirm and ratify the payment of the remuneration to Sri Paritosh Agarwal, Managing Director set out in the resolution of the members passed on 28/07/2016 from 01/04/2019 till the date of this meeting."

9: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby approve in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of ₹80,000/- (Rupees Eighty Thousand only) plus out of pocket expenses payable to M/s Aruna Prasad & Co., (Firm Registration No. 100883), Cost Accountants for the cost audit to be conducted by them of the cost records of the Company for the financial year 2019-20."

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

Place : Secunderabad
Date : 30th May, 2019.

E.V.S.V.SARMA
COMPANY SECRETARY

Notes:

1. The register of members and share transfer books will be closed from Saturday, 21st September, 2019 to Monday, 30th September, 2019 (both days inclusive) for the purpose of Annual General Meeting.
2. A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital may appoint a single person as Proxy and such person shall not act as Proxy for any other person or shareholder.
3. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. (i) Unclaimed dividends of the following years will be transferred to the Investor Education & Protection Fund set up by the Central Government on the dates mentioned against them:

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

Members who have not encashed their dividend warrants pertaining to the above years may have their warrants revalidated by sending them to the Registered Office of the Company. The details of unpaid and unclaimed dividend warrants lying with the Company as on date of last AGM, i.e. 29/09/2018 are available on the Company's website (www.suryalakshmi.com) as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). (ii) Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") every year all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority after complying with the procedure laid down under the "Rules". Accordingly, the Company has already transferred to IEPF Authority, the unclaimed dividend for the year 2010-11 and the shares in respect of which Dividend has not been claimed from 2010-11 in compliance with the aforesaid "Rules". Members are requested to take note of the aforesaid newly notified sections of the Companies Act, 2013 and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF. The shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

6. Pursuant to Section 108 of the Companies Act, 2013 read with relevant Rules under the Act, the Company is pleased to provide the facility to the Members to exercise their right to vote through electronic voting. The members who have not cast their vote by remote e-voting shall be able to vote at the Annual General Meeting.
7. The members whose names appear on the Register of Members/ list of beneficial owners as on 20th September, 2019 are eligible to participate in e-voting on the resolutions set forth in this notice.
8. The Companies (Management and Administration) Rules, 2014 provide that the electronic voting period shall close at 5:00 PM, on the date preceding the AGM. Accordingly, the e-voting will be available at the <https://evoting.karvy.com>. The remote e-voting period will commence at 9:00 A.M. (IST) on Wednesday, 25th September, 2019 and will end at 5:00 P.M. (IST) on Sunday, 29th September, 2019. The remote e-voting will not be allowed beyond the aforesaid period and time, and the remote e-voting module shall be disabled by M/s.Karvy Fintech Private Limited, the agency engaged by the company to provide e-voting facility.
9. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 20th September, 2019.

10. The member(s) who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- In order to enable its members, who do not have access to remote e-voting facility, to send their assent or dissent in writing in respect of the resolutions set forth in the Notice, the Company is enclosing a Ballot form with the Notice. Resolution (s) passed by the members through ballot form, remote e-voting and voting at the AGM are deemed to have been passed at the AGM. Detailed instructions are printed on the Ballot Form for using the same.
12. The Company has appointed Mr. K.V.Chalama Reddy, Company Secretary in Practice (M.No. F9268, C.P.No. 5451), Hyderabad to act as Scrutinizer to scrutinize the poll at the Annual General Meeting, remote e-voting process and through ballot form in a fair and transparent manner.
13. The Login ID and Password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail ids with the Company/their respective Depository Participant along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company/their respective Depository Participant are being forwarded the login ID and password for e-voting along with process, manner and instruction by e-mail.
14. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the Bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP's in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Karvy Fintech Private Limited in case the shares are held by them in physical form.
15. 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 the 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 Karvy Fintech Private Limited.
16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed Companies can be transferred only in dematerialized form with effect from April 1, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or Karvy Fintech Private Limited for assistance in this regard.
17. The Companies Act, 2013 provides for the facility of nomination to the members in a Company. Accordingly, members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to Registered Office of the Company. The forms are available at the Registered Office.
18. The shares of the Company continue to be listed on the BSE Ltd and on the National Stock Exchange and the Company has paid upto date all the listing fees to these exchanges.
19. The members are requested to bring their copy of the Annual Report with them at the time of attending Annual General Meeting.
20. A route map showing directions to reach the venue of the 56th AGM is given at the end of the Notice.

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4 & 8 – REAPPOINTMENT OF SRI PARITOSH AGARWAL, MANAGING DIRECTOR AND RATIFICATION OF REMUNERATION PAID TO HIM.

Sri Paritosh Agarwal (DIN : 00008728) will retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Sri Paritosh K. Agarwal, aged 44, a Graduate, is the Managing Director of the Company (first appointment to the Board on 06/09/1994). He has adequate exposure in all the aspects of textile industry having acquired hands on experience in marketing, exports and production in the group Companies. He played a major role in setting up the Denim Division and building up the export business of the Company and has extensively traveled abroad and acquired deep knowledge of the International Markets.

One of the amendments made by SEBI to its Listing Obligations and Disclosure Requirements Regulations, 2015 requires the approval of members by way of a Special Resolution for the payment of remuneration to the Executive Directors of the Company in excess of 5% net profits of the Listed Company (where there is more than one Executive Director).

As the Company has declared a loss in its operations for the year, the ratification by the members in terms of the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been sought for the payment of existing remuneration from 01/04/2019 till the date of this Annual General Meeting.

The approval of the members is also being sought to continue payment of the same remuneration until the end of his term on 20/06/2020 in the event of loss or inadequacy of profits U/s.198 of the Companies Act, 2013 in terms of the Special Resolution already passed on 28/07/2016.

The terms and conditions of appointment of Sri Paritosh Agarwal shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

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

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

Name of the Companies in which he is a Director/Chairman - NIL.

No. of shares held by Sri Paritosh Agarwal as on 31/03/2019 in the Company is -1478472.

ITEM NO. 5 – RATIFICATION OF CREATION OF MORTGAGE

A. The title deeds of most the immovable properties of the Company have for long been held by IDBI Bank Ltd., Chennai, IDBI acting for itself and on behalf of other Banks. Some of the title deeds were held by State Bank of India (SBI), Hyderabad. It was felt that it would be convenient for SBI to hold all the title deeds at SBI, Hyderabad, SBI acting for itself and on behalf of all the Term Lenders and Banks. Accordingly IDBI handed over all the title deeds in its possession to SBI and in September, 2018 a fresh mortgage was created in favour SBI, SBI acting for itself and on behalf of other Term Lenders and other Banks for working capital facilities.

In view of the urgency of the matter the mortgage was created in favour of State Bank of India, Hyderabad pending approval of the members U/s.180 of the Companies Act, 2013. Therefore, the approval of the members by way of ratification of the action of the Company in creating this mortgage pending approval of the members is sought by way of Special Resolution and same is recommended by the Board for consideration of the members.

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

B. The Company has been advised that the Company should enter into an agreement with a security trustee, who shall hold all the securities on behalf of all the lenders to simplify the arrangement and also to bring about an uniformity in security creation formalities. This arrangement is also expected to simplify compliance with the related procedures as only one document will be executed with the security trustee for any enhancement / reduction of facilities, etc. The Company has negotiated and finalized an arrangement with SBICAP Trustee Company Limited (SBICAP TRUSTEE) who are already extending these services to the lenders / borrowers.

Accordingly the Company appointed SBICAP Trustee as the Security Trustee and seeks the approval / ratification of the members for the mortgage to be created / created in favour the SBICAP Trustee.

The Board recommends both the resolutions for the members' approval / ratification.

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

ITEM NO. 6 - RE-APPOINTMENT OF SRI L.N.AGARWAL AS CHAIRMAN & MANAGING DIRECTOR.

Sri L.N.Agarwal was appointed as Chairman & Managing Director for a period of 5 years w.e.f. 22.06.2014 on a remuneration of ₹4 lakhs p.m. plus perquisites. His remuneration was revised to ₹5 lakhs p.m. plus perquisites from 25/05/2016 to 21/06/2019. His term of appointment comes to an end on 21st June, 2019. The Nomination and Remuneration Committee has recommended the reappointment of Sri L.N.Agarwal for a period of 5 years at a remuneration of ₹5 lakhs p.m. and commission @ 2% plus perquisites w.e.f. 22.06.2019. The appointment by the Board is subject to the approval of the Members in the General Meeting by a Special Resolution as Sri L.N.Agarwal is aged more than 70 years and also of the Financial Institutions. The Board recommends his reappointment to the members for their approval.

Further one of the amendments made by SEBI to its Listing Obligations and Disclosure Requirements Regulations, 2015 requires the approval of members by way of a Special Resolution for the payment of remuneration for payment of remuneration to the Executive Directors of the Company in excess of 5% net profits of the Listed Company (where there is more than one Executive Director).

As the Company has declared a loss in its operations of the year, the ratification of the members in terms of the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been sought for the payment of existing remuneration from 01/04/2019 till 21/06/2019 to comply with the amended regulations.

The terms and conditions of appointment of Sri L.N.Agarwal shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Sri L.N.Agarwal, is the promoter founder of the Company and was also instrumental in floating the other companies viz., Suryavanshi Spinning Mills Limited, Suryajyothi Spinning Mills Limited and Suryalata Spinning Mills Limited and has vast knowledge of textile industry for

more than 5 decades and his experience and guidance is considered vital to the company's growth and hence the Board recommends his reappointment inspite of the fact that he has attained the age of 70 years.

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

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

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

No. of shares held by Sri L N Agarwal in the Company is 1364516.

ITEM NO. 7 - RE-APPOINTMENT OF SMT. PADMINI AGARWAL AS A WHOLETEIME DIRECTOR.

Smt. Padmini Agarwal was appointed as a Wholetime Director for a period of 5 years w.e.f. 27/05/2014 on a remuneration of ₹2 lakhs p.m. plus perquisites. Her remuneration was revised to ₹3 lakhs p.m. plus perquisites from 27/05/2014 to 26/05/2019. Her term of appointment comes to an end on 26th May, 2019. The Nomination and Remuneration Committee has recommended the reappointment of Smt.Padmini Agarwal for a period of 5 years at a remuneration of ₹3 lakhs p.m. and commission @ 2% plus perquisites w.e.f. 26/05/2019. The appointment by the Board is subject to the approval of the Members in the General meeting and also of the financial institutions. The Board recommends her reappointment to the members for their approval.

Further one of the amendments made by SEBI to its Listing Obligations and Disclosure Requirements Regulations, 2015 requires the approve of members by way of a Special Resolution for the payment of remuneration for payment of remuneration to the Executive Directors of the Company in excess of 5% net profits of the Listed Company (where there is more than one Executive Director).

As the Company has declared a loss in its operations of the year, the ratification of the members in terms of the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been sought for the payment of existing remuneration from 01/04/2019 till 26/05/2019 to comply with the amended regulations.

The terms and conditions of appointment of Smt. Padmini Agarwal shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Smt. Padmini Agarwal, W/o. Paritosh Agarwal aged 44 years, graduate, has been actively involved in managing the day to day operations of Garment division as well as marketing the garments. It is therefore proposed to reappoint Smt. Padmini Agarwal as a Wholetime Director for the Garment division w.e.f. 27/05/2019 on a remuneration of ₹3 lacs p.a. and other perquisites as per the rules of the company. Her appointment has been recommended by the Nomination and Remuneration Committee. The appointment is also subject to the approval of the members by a special resolution in the ensuing AGM. The Board recommends her appointment to the members for their approval.

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

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

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

No. of shares held by Mrs. Padmini Agarwal in the Company is 971815.

ITEM NO. 9 - RATIFICATION OF THE REMUNERATION OF COST AUDITOR

Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditors) Rules, 2014 provides for

the appointment and the remuneration of the Cost Auditor for the audit of the cost records of the company by the Board and the remuneration of the Cost Auditor is to be ratified by the members of the company. The appointment of M/S. Aruna Prasad & Co., has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2019-20 on a remuneration of ₹80,000/- plus out of pocket expenses. The ratification by the members to this remuneration is being sought in this resolution. The Board recommends the resolution for the approval of the members.

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

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

Place : Secunderabad
Date : 30th May, 2019.

E.V.S.V.SARMA
COMPANY SECRETARY



SURYALAKSHMI COTTON MILLS LIMITED

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

(CIN: L17120TG1962PLC000923)

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

Ph.no.: 040-27885200, 27819856, 27846854

ATTENDANCE SLIP

I / We hereby record my / our presence at the Annual General Meeting of the Company held on Monday, 30th September, 2019 at 10.30 A.M. at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003.

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

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

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



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PROXY

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

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

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

- Name:
Address :
Email ID :
Signature :, or failing him/her
- Name:
Address :
Email ID :
Signature :, or failing him/her
- Name:
Address :
Email ID :
Signature :

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the company, to be held on Monday, 30th September, 2019 at 10.30 A.M. at Rajdhani Hall, Behind LIC & HDFC Bank, Near Paradise Circle (West), S.D.Road, Secunderabad - 500003 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

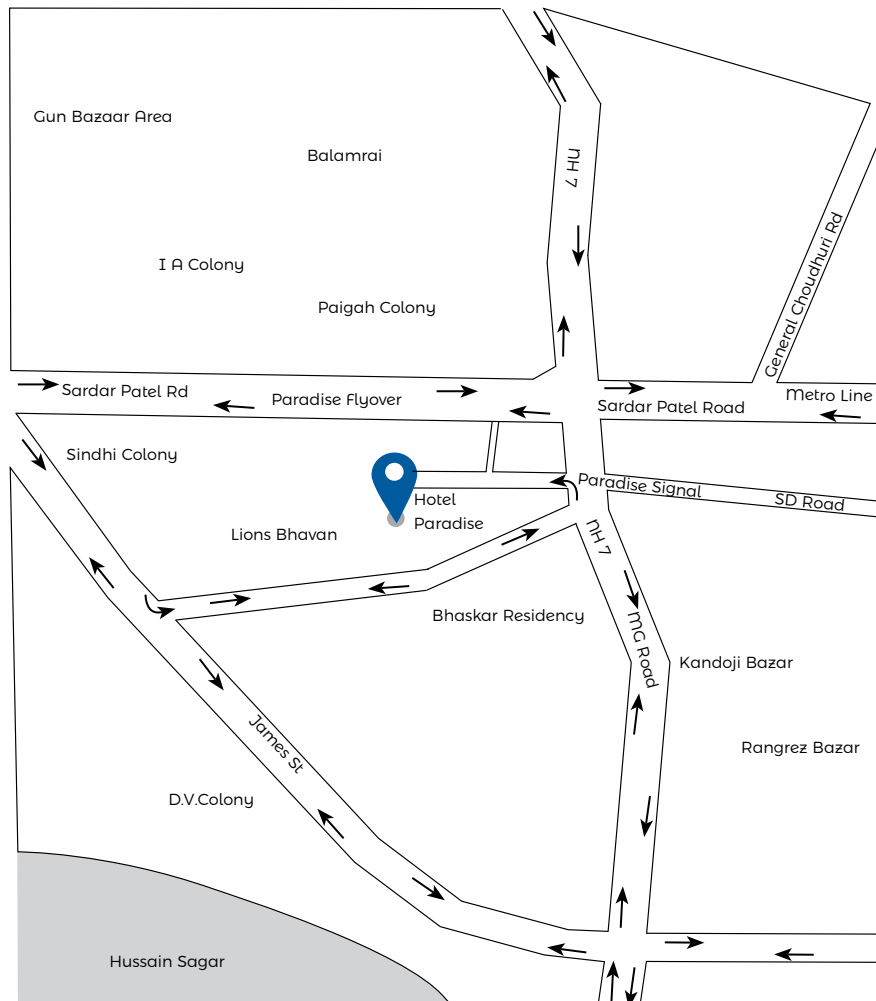
Signature of Proxy Holder(s):

Signature of Proxy Holder(s):

AFFIX
REVENUE
STAMP
₹/-

Sl. No.	Particulars	FOR	AGAINST
1.	To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2019 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.		
2.	To declare dividend on 5% Non-Cum. Preference Shares of the Company for the year ended 31st March, 2019.		
3.	To declare dividend on 10% Cum. Preference Shares of the Company for the year ended 31st March, 2019.		
4.	Reappointment of Sri Paritosh Agarwal, Managing Director as a Director liable to retire by rotation.		
5.	Ratification of Creation of Mortgage		
6.	Reappointment of Sri L.N.Agarwal as Chairman & Managing Director.		
7.	Reappointment of Smt. Padmini Agarwal as a Wholetime Director.		
8.	RATIFICATION OF REMUNERATION PAID TO Sri Paritosh Agarwal,		
9.	Ratification of remuneration of Cost Auditor.		

56th Annual General Meeting. Venue - Route MAP



ATTENTION SHAREHOLDERS !!

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

2. Request for dematerializing the shares held by you

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

ACTION REQUIRED FROM YOU

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

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

Please note that under the amended SEBI (LODR) Regulations effective from April 1, 2019 it has been mandated that **“transfer of securities shall not be processed unless they are held in the dematerialized form with a depository”**

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

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

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

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

To the shareholders,

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

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

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

Presently, NECS/ECS facility is available at several centres and the shareholders are requested to contact their concerned Bank Branches for further details.

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

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

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

E.V.S.V.SARMA
COMPANY SECRETARY



SURYALAKSHMI COTTON MILLS LIMITED

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ECS MANDATE

Suryalakshmi Cotton Mills Limited

Name of the first / sole shareholder :

Ledger folio No. / Client ID :

Particulars of bank account of first / sole shareholder

Name of the Bank :

Name of the Branch :

Bank Branch Address :

9 digit code number of the Bank and Branch

as appearing on the MICR cheque issued by the Bank :

Type of Account Savings Current Cash Credit

Account No. (as appearing on the Cheque Book) :

Ledger No. /Ledger Folio No. (If appearing on the) :

Cheque Book / Pass Book)

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

Effective Date

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

Place :

Signature of the shareholder*

*

(*as per specimen signature)

BANKERS' CERTIFICATION

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



SURYALAKSHMI COTTON MILLS LIMITED

105, 6th Floor, Surya Towers, S.P. Road
Secunderabad - 500 003
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