



SURYALATA SPINNING MILLS LIMITED

CIN-L18100TG1983PLC003962 - GST No : 36AADCS0823M1ZA

(An ISO 9001 : 2008 Certified Company)



SLSML/2019-20/210

3rd September, 2019

Department of Corporate Services
B S E Limited,
25th Floor, Phiroze JeeJeebhoy Towers,
Dalal Street, Fort, Mumbai- 400 001.

Dear Sirs,

Sub : Intimation of 36th Annual General Meeting, E voting and Book Closure – Reg.

Ref : Scrip Code : 5 1 4 1 3 8.

This is to inform you that pursuant to Section 96 of the Companies Act, 2013 the **36th Annual General Meeting (AGM)** of Members of the Company will be held on **Saturday, 28th September, 2019 at 10.45 A.M., at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana.**

We also hereby inform you that pursuant to Section 91 of the Companies Act, 2013 and regulation 42 of SEBI (LODR) regulations, 2015, the register of Members and share transfer books of the Company will be closed from **21st September, 2019 to 28th September, 2019 (both days inclusive) for the purpose of Annual General Meeting (2018-19) and payment of dividend, if declared at AGM.**

Further e-voting facility has been made available to all the Members of the Company. The details of E-voting are as follows :

- a) E -voting begins on **Monday, September 23, 2019 at 9.00 A.M.(IST)**
- b) E -voting ends on **Friday, September 27, 2019 at 5.00 P.M.(IST)**
- c) The cut off Date for determining the eligibility to vote in connection with the **Annual General Meeting 2018-19 would be 20th September, 2019.**

Also please find attached herewith Annual Report for the Financial Year 2018-19. This for information and records of the Exchange.

Please acknowledge the receipt of the same.

Thanking you,

Yours faithfully,
for **SURYALATA SPINNING MILLS LIMITED**

VITHALDAS AGARWAL
MANAGING DIRECTOR
DIN : 00012774





Suryalata Spinning Mills Limited

**36th
Annual Report
2018-19**

Success
.....is a Moving Target
.....is a continuous process



1 MW Solar Power Plant @ Urukondapet Unit



In memoriam



Pankhuri and Yash Agarwal



Gone are the days we used to share,
but in our hearts you are always there.

The gates of memory will never close.

We miss you more than anyone knows....

Suryalata Team



Modernization cum Expansion - Machinery Switchon Ceremony





Board of Directors - Plant Visit



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REGISTERED OFFICE

Surya Towers, 1st Floor,
105, Sardar Patel Road, Secunderabad - 500 003.

Tel : 040 - 2777 4200
 Fax : 040 - 27846859
 E-mail : cs@suryalata.com
 Website : www.suryalata.com
 ISIN : INE132C01027
 CIN : L18100TG1983PLC003962
 GST : 36AADCS0823M1ZA
 Listed on : B S E Limited
 Scrip Code : 5 1 4 1 3 8

REGISTRAR & TRANSFER AGENTS

M/s.Karvy Fintech Private Limited,
 Karvy Selenium Tower - B, Plot No: 31-32,
 Gachibowli, Financial District, Serilingampally,
 Nankramguda, Hyderabad - 500 032
 Tel : 040 - 6716 1606, 6716 1770
 Fax : 040 - 2342 0814
 E-mail : einward.ris@karvy.com
 Website : www.karvyfintech.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri R Surender Reddy (DIN: 00083972)

Sri Vithaldas Agarwal (DIN: 00012774)

Sri Mahender Kumar Agarwal (DIN: 00012807)

Smt. Madhavi Agarwal (DIN: 06866592)

Sri K Lakshmikanth Reddy (DIN: 00016766)

Sri K R Suresh Reddy (DIN: 00074879)

Sri R S Agarwal (DIN: 00012594)

Sri K K Sinha (DIN: 03383960)

Chairman & Non-Executive Independent Director

Managing Director

Joint Managing Director

Whole-Time Director

Non-Executive Independent Director

Non-Executive Independent Director

Non-Executive Independent Director (up to 15-02-2019)

Director - Operations (upto 14-08-2019)

Sri K Nageswara Rao

Sri Deepesh Kumar Pipalwa

Smt. Y. Hari Priya

Chief Financial Officer (CFO)

Company Secretary & Compliance Officer (Up to 31-05-2018)

Company Secretary & Compliance Officer
(from 05-11-2018 to 15-07-2019)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Sri R Surender Reddy, Chairman

Sri K R Suresh Reddy, Member

Sri K Lakshmikanth Reddy, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Sri K R Suresh Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

STATUTORY AUDITORS

K S Rao & Co.,

Chartered Accountants, Hyderabad.

SECRETARIAL AUDITORS

VCAN & Associates,

Company Secretaries, Hyderabad.

BANKERS

State Bank of India, IFB, Hyderabad

IDBI Bank Limited, Chennai

IndusInd Bank Limited, Hyderabad

NOMINATION & REMUNERATION COMMITTEE

Sri K R Suresh Reddy, Chairman

Sri R Surender Reddy, Member

Sri K Lakshmikanth Reddy, Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sri R Surender Reddy, Chairman

Sri Vithaldas Agarwal, Member

Sri Mahender Kumar Agarwal, Member

INTERNAL AUDITORS

Brahmayya & Co.,

Chartered Accountants, Hyderabad.

COST AUDITORS

Aruna Prasad & Co.,

Cost Accountants, Chennai.

FACTORIES

Marchala Village, Kalwakurthy Mandal,

Nagar Kurnool District, Telangana – 509 320

Urukondapet Village Urukonda Mandal,

Nagar Kurnool District, Telangana – 509 320

Book Closure Dates: 21st September, 2019 to 28th September, 2019 (Both days Inclusive)

NOTICE

NOTICE is hereby given that the **36th Annual General Meeting** of the Members of **SURYALATA SPINNING MILLS LIMITED** will be held on **Saturday, September 28, 2019 at 10.45 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the **Audited Financial Statements** of the Company for the **Financial Year ended March 31, 2019**, together with the reports of the Board of Directors and the Auditors thereon.
2. To declare **dividend on Cumulative Redeemable Preference Shares** of the Company for the **Financial Year ended March 31, 2019**.
3. To declare **dividend @ 18% (₹1.80 per equity share of ₹ 10/- each) to Non-promoter Equity Shareholders** of the Company for the financial year ended **March 31, 2019**.
4. To appoint a director in place of **Sri Vithaldas Agarwal, (DIN: 00012774)** who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **Re-appointment of Sri Vithaldas Agarwal as Managing Director for a period of five years.**

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule - V and rules made thereunder as amended from time to time and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other permissions, sanctions as may be needed, consent of the members of the Company be and is hereby accorded for re-appointment of Sri Vithaldas Agarwal (Age: 79 Years) as the Managing Director of the Company for a period of 5 years with effect from July 1, 2019 to June 30, 2024 on the following terms and conditions:

- I. **Salary** : Not exceeding ₹ 3,25,000/- per month.
- II. **Commission** : Commission not exceeding @ 2% on the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, may be paid to the Managing Director subject to the condition that the total remuneration for each year shall not exceed the overall limit as provided under Section 197 of the Companies Act, 2013 read with schedule - V of the Companies Act, 2013.
- III. **Perquisites** : In addition to the salary and commission as stated above Sri Vithaldas Agarwal, Managing Director shall be entitled for the following perquisites:
 - a. **Medical Re-imbursement** : Medical expenses incurred for self & family subject to a ceiling of one month's salary per year or 3 months' salary in a period of 3 years.
 - b. **Club Fee** : Fee of club subject to a maximum of two clubs, admission and life (corporate) membership fee for any one club.
 - c. **Travel** : The Company shall provide a Car with Driver, telephone and other communication facilities at residence for use of Company's business.
- IV. **INCREMENTS** : Increments may be given subject to the overall limits specified under Section 197 read with Schedule - V of the Companies Act, 2013.

“RESOLVED FURTHER THAT the Office of Managing Director shall be liable to retire by rotation pursuant to Section 152(6) of Companies Act, 2013 and Rules made thereunder and any subsequent amendment(s) and/or modification(s) in the Act, Rules and/or applicable laws in this regard.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and /or remuneration including annual increments based on the performance appraisal, provided the same are not exceeding the limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule - V thereto.”

“RESOLVED FURTHER THAT the aggregate remuneration inclusive of salary and other benefits to Sri Vithaldas Agarwal shall always be within the overall ceiling laid down in Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule - V to the said Act, for the time being in force.”

“**RESOLVED FURTHER THAT** Sri Vithaldas Agarwal, Managing Director of the Company be and is hereby authorised, empowered and vested with the substantial powers of the Management of the Company for carrying out the affairs and activities of the Company subject to the superintendence, control and direction of the Board of Directors of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised ‘Committee’ thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

6. Revision in the terms of payment of remuneration to Smt. Madhavi Agarwal, Whole-Time Director of the Company w.e.f. July 1, 2019 till the completion of her present term.

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

“**RESOLVED THAT** in partial modification to the resolution passed by the members in the 31st Annual General Meeting of the Company, subject to the applicable provisions of Section 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule - V and rules made their under and amended from time to time and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other permissions, sanctions as may be needed, consent of the members be and is hereby accorded for revision of Basic Salary of Smt. Madhavi Agarwal, Whole Time Director of the Company from the existing limit of ₹ 1,75,000/- (Rupees One Lakh Seventy Five Thousand Only) per month to ₹ 2,25,000/- (Rupees Two Lakh Twenty-Five Thousand Only) per month with effect from July 1, 2019 till the remaining period of her current tenure.”

“**RESOLVED FURTHER THAT** except for the revision in the basic salary, all other terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.”

“**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised ‘Committee’ thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

7. Re-appointment of Smt. Madhavi Agarwal as Whole-time Director for a period of five years.

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

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 read with schedule - V and rules made thereunder as amended from time to time and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other permissions, sanctions as may be needed, consent of the members of the Company be and is hereby accorded for re-appointment of Smt. Madhavi Agarwal as the Whole-Time Director of the Company for a period of 5 years with effect from November 6, 2019 on the following terms and conditions:

- I. **Salary** : Not exceeding ₹ 2,25,000/- per month.
- II. **Commission** : Commission not exceeding @ 1% on the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, may be paid to the Whole-Time Director subject to the condition that the total remuneration for each year shall not exceed the overall limit as provided under Section 197 of the Companies Act, 2013 read with schedule - V of the Companies Act, 2013.
- III. **Perquisites** : In addition to the salary and commission as stated above Smt. Madhavi Agarwal, Whole-Time Director shall be entitled for the following perquisites:

Category A

The following perquisites and/or allowances given in **Category A** will be allowed in addition to the salary, restricted to an amount of ₹ 9,00,000/- (Rupees Nine Lakhs only) per annum:

- a. **Medical Re-imbursment** : Medical expenses incurred for self & family subject to a ceiling of one month’s salary per year or 3 months’ salary in a period of 3 years.
- b. **Club Fee** : Fee of club subject to a maximum of two clubs, admission and life (corporate) membership fee for any one club.
- c. **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules of the company.

Category B

The following prerequisites referred in the **Category B** shall not be considered and included for computation of the ceiling on prerequisites:

- a. Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
 - b. Payment of Gratuity subject to an amount equal to half a month's salary for each completed year of service.
 - c. The Company shall provide a Car with Driver, telephone and other communication facilities at residence for use of Company's business.
- IV. **INCREMENTS** : Increments may be given subject to the overall limits specified under Section 197 read with Schedule - V of the Companies Act, 2013.

“RESOLVED FURTHER THAT the Office of Whole-Time Director shall be liable to retire by rotation pursuant to Section 152(6) of Companies Act, 2013 and Rules made thereunder and any subsequent amendment(s) and/or modification(s) in the Act, Rules and/or applicable laws in this regard.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and /or remuneration including annual increments based on the performance appraisal, provided the same are not exceeding the limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule - V thereto.”

“RESOLVED FURTHER THAT the aggregate remuneration inclusive of salary and other benefits to Smt. Madhavi Agarwal shall always be within the overall ceiling laid down in Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule - V to the said Act, for the time being in force.”

“RESOLVED FURTHER THAT Smt. Madhavi Agarwal, Whole-Time Director of the Company be and is hereby authorised, empowered and vested with the substantial powers of the Management of the Company for carrying out the affairs and activities of the Company subject to the superintendence, control and direction of the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

8. Revision in the terms of payment of remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director of the Company.

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

“RESOLVED THAT in partial modification to the resolution passed by the members in the 32nd Annual General Meeting of the Company, subject to the applicable provisions of Section 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule - V and rules made their under from time to time and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other permissions, sanctions as may be needed, consent of the members be and is hereby accorded for revision of Basic Salary of Sri Mahender Kumar Agarwal, Joint Managing Director of the Company from the existing limit of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) per month to ₹ 3,25,000/- (Rupees Three Lakhs Twenty-Five Thousand Only) per month with effect from July 1, 2019 till the remaining period of his current tenure.”

“RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule - V thereto, and/or any guidelines prescribed by the Government from time to time.”

“RESOLVED FURTHER THAT except for the revision in the basic salary, all other terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.”

“**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised ‘Committee’ thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

9. Payment of Remuneration to Cost Auditor

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

“**RESOLVED THAT** pursuant to the Provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof, for the time being in forces, the remuneration of ₹ 35,000/- (Rupees Thirty Five Thousand Only) and reimbursement of out of pocket expenses incurred by **Aruna Prasad & Co., Cost Accountants (Firm Registration No. 100883)** appointed by the Board of Directors to conduct the Audit of the cost records of the Company for the Financial Year ended March 31, 2020, be and is hereby approved and ratified.”

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

**Vithaldas Agarwal
Managing Director
DIN: 00012774**

Place: Secunderabad
Date : August 14, 2019

NOTES

1. The explanatory statement in respect of the special business in the Notice, pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself / herself and such proxy need not be a member. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members/Proxies/Authorised Representative should bring the Attendance slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The register of directors and key managerial personnel and their share holding maintained under Section 170 and the register of contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the annual general meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from **September 21, 2019 to September 28, 2019 (Both days inclusive)** for determining the names of Members eligible for dividend on equity shares subject to the approval of Members at Annual General Meeting.
9. The Board in their meeting held on May 29th, 2019 recommended a dividend of ₹ 1.80 i.e 18% per equity share of ₹10/-(Rupees Ten Only) each, subject to the approval of the members at the ensuing Annual General Meeting, the dividend, if declared at the meeting, will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received up to the close of business hours up to September 20, 2019. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details provided as at the close of business hours on September 20, 2019 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. The dividend on equity shares, if declared at the meeting, will be credited/ dispatched within one month from the date of this meeting.
10. Pursuant to the provisions of Section 124 of the Act, the unpaid or unclaimed dividend for the financial year 2011-12 is due to be transferred to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Unclaimed dividend for the year(s) 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 are held in separate Bank accounts and shareholders who have not received the dividend/ encashed the warrants are advised to write to the Company or Registrar and Share Transfer Agents with complete details. The details of the unpaid/ unclaimed amounts lying with the Company as on August 13, 2018 (date of last Annual General Meeting) are available on the website of the Company and on Ministry of Corporate Affairs' website.
11. Pursuant to the applicable provisions of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more will be transferred to the de-mat account of IEPF Authority. The Company has already initiated necessary action for transfer of all shares in respect of which dividend has not been paid or claimed by members for seven consecutive years or more. Members are advised to visit the website of the Company to ascertain the details of shares liable for transfer in the name of IEPF Authority.
12. The shareholders whose unclaimed dividend/ shares are transferred to the IEPF Authority can now claim their unclaimed dividend and shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.
13. Members are requested to furnish details of their bank accounts viz., name of bank, full address of the branch, account number with nine-digit MICR Code No. and folio number forwarding photo copy of PAN Card and a cancelled cheque leaf for incorporation on the dividend warrant, to the Company's Registrars and Share Transfer Agents, Kary Fintech Private Limited, Unit: Suryalata Spinning Mills Limited, Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. In case of holding shares in electronic mode, members are requested to approach their Depository Participants for updation of bank account details with the aforesaid documents.

14. Members seeking any information or clarification on the accounts are requested to send in writing queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
15. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such de-mat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details.
16. As per SEBI Listing Regulations, members who intend to transfer their securities are requested to get such securities dematerialized before such transfer.
17. Members are requested to register their e-mail addresses and changes therein from time to time with the Registrars and Share Transfer Agents (in case of physical shares) or with the concerned Depository Participant (in case of electronic holdings) so that the Company will use the same for sending Notices, Annual Reports and other communications.
18. Copies of Annual Report 2018-19 are being sent under electronic mode only, to all the members whose e-mail addresses are registered with the Registrars and Share Transfer Agents of the Company i.e. Karvy Fintech Private Limited/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. Physical copy of the Annual Report's for FY 2018-19 are being sent to members, who have not registered their e-mail addresses, by a permitted mode.
19. Members may also please note that the notice of the 36th annual general meeting and the annual report 2018-19 is available on the Company's website: www.suryalata.com. The physical copies of the aforesaid documents are also available at the Company's Regd. Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to the Company at: cs@suryalata.com. All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the registered office of the Company during business hours on all working days up to the date of declaration of the result of the 36th annual general meeting of the Company.
20. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standards on general meetings in respect of the Directors seeking appointment/ re-appointment at the annual general meeting is furnished in **Annexure I** and forms part of the notice. The Directors have furnished the requisite consent / declaration for their appointment / re-appointment.

Retirement of Directors by rotation:

21. Sri Vithaldas Agarwal, Managing Director of the Company, retires by rotation at the ensuing annual general meeting and, being eligible, offers himself for re-appointment. The Board of directors commends the re-appointment of Sri Vithaldas Agarwal as a Director, liable to retire by rotation.

Voting through electronic means:

22. In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this Section of the Notice) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to exercise voting rights on the items of business given in the notice through electronic voting system, to Members holding shares as on September 20, 2019 (End of Day) being the Cut-off date fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by Karvy Fintech Private Limited. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting).

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories (holding shares either in physical form or in dematerialized form) as on September 20, 2019 the "Cut-off date" shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.

23. The instructions for remote E-Voting are as under:

- I. In case a shareholder receiving an email from Karvy Fintech Private Limited [for members whose email ID's are registered with the Depository Participant(s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./DP ID & Client ID will be your User ID. However, if you are already registered with Karvy Fintech Private Limited for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.).The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password incase you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., Suryalata Spinning Mills Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST"but the total number in "FOR/AGAINST" taken together should not exceed your total share holding as on Cut-off date i.e. September 20, 2019. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Shareholders holding multiple folios/de-mat accounts shall choose the voting process separately for each folios/de-mat accounts. Voting has to be done for each resolution of the notice of 36th AGM separately. In case you do not desire to cast your vote on any specific resolution, it will be treated as abstained.
 - ix. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - x. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify or change the votes cast. During the voting period, Shareholders can login any number of times till they have voted on the Resolution(s).
 - xi. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: info@vcancs.com with a copy marked to evoting@karvy.com. The scanned image of the above-mentioned documents should be in the naming format "SURYALATA_ EVENT NO."
- II. In case of members receiving physical copy of the AGM Notice by courier [for members whose email IDs are not registered with the Depository Participant(s)]:
 - i. User ID and initial password as provided above.
 - ii. Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

24. In case a person has become the member of the company after the dispatch of AGM Notice but on or before the cut-off date i.e., September 20, 2019, may write to the Karvy Fintech Private Limited on the emailId evoting@karvy.com or to Mr. S. Shankar Reddy, Corporate Registry (RIS), Contact No. 040-67162222, Ext No: 1606/1776 at Karvy Fintech Private Limited, [Unit: Suryalata Spinning Mills Limited] Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in(A) above, to cast the vote.

25. The remote e-voting period commences on September 23, 2019 at 9:00 a.m. (IST) and ends on September 27, 2019 at 5:00 p.m. (IST).During this period, the members of the Company holding shares in physical form or in dematerialized form, as on the cutoff date, being September 20, 2019 may cast their vote by electronic means in the manner and procedure set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution

is cast by the member, the member shall not be allowed to change it subsequently. Further, the members who have cast their vote electronically shall not vote at the AGM.

26. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website) or any grievances or queries of the Members of the Company connected with the electronic voting can be addressed to the Company's Registrar & Share Transfer Agents, Mr. S. Shankar Reddy, Corporate Registry (RIS), Contact No. 040-67162222, Ext No: 1606/1776 at Karvy Fintech Private Limited, Unit: Suryalata Spinning Mills Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
27. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, as amended, as on the cut-off date, being September 20, 2019.
28. The Board of directors has appointed Mr. Ajay Naga Chowdary Vemuri of M/s. VCAN & Associates, Practicing Company Secretaries as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
29. The members who are entitled to vote but have not exercised their right to vote through remote e-voting may vote at the AGM through Ballot Paper annexed to the AGM Notice, for all businesses specified in the accompanying Notice.
30. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting through Ballot Paper thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who will countersign the same. The Chairman or a person authorised by him in writing will declare the result of voting forth with.
31. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the Resolutions.
32. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.suryalata.com) and on Service Provider's website (<https://evoting.karvy.com>) and communication of the same to the BSE Limited within 48 hours from the conclusion of the AGM.

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

**Vithaldas Agarwal
Managing Director
DIN: 00012774**

Place: Secunderabad
Date : August 14, 2019

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

As required under Section 102(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, this Explanatory Statement contains relevant and material information, as detailed herein, to enable the Members to consider for approval of the Resolution Nos. 5 to 9.

Item # 05 : Re-appointment of Sri Vithaldas Agarwal as Managing Director for a period of five years

It is proposed to re-appoint Sri Vithaldas Agarwal, Managing Director of the Company for the further period of 5 years with effect from July 1, 2019 to June 30, 2024. Sri Vithaldas Agarwal, Managing Director has attained the age of 79 years. As per Section 196 of Companies Act, 2013 if an appointee has attained the age of 70 years, then such appointment shall be made by a special resolution along with a justification for the appointment. The terms of re-appointment of Sri Vithaldas Agarwal and remuneration payable to him are as set out in Item No 5 of the Notice.

Sri Vithaldas Agarwal, aged 79 years, a dynamic entrepreneur with a vast managerial experience of over Six decades in textile industry. He is the promoter and main contributor to the growth and development of the Suryalata Spinning Mills Limited ("the Company"). Over a decade's performance, the Company continues to be the most profitable Company in the Yarn based manufacturing industry. He is a perfect executionist of the mission and vision of the Company. Sri Vithaldas Agarwal, who is well-versed in understanding Yarn markets domestically as well as internationally, is equally excellent in ensuring growth by improving productivity, cost control, large size operations & consistently improving quality. By his leadership and effective contribution, fostered the growth of the Company's business. Sri Vithaldas Agarwal is overseeing the day-to-day functioning of the Company at all levels. The community focused activities also led by Sri Vithaldas Agarwal have been useful to a large number of beneficiaries.

Sri Vithaldas Agarwal is a member of Stake Holder Relationship Committee and CSR Committee. As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on May 29, 2019, subject to approval of Members at this Annual General Meeting and considering the increased activities, responsibilities and contribution of Sri Vithaldas Agarwal in development and growth of the Company, consent of the Members was sought for the re-appointment of Sri Vithaldas Agarwal who is more than 70 years of age as a Managing Director of the Company for further period of 5(Five) years w.e.f. July 1, 2019 to June 30, 2024 on the terms and conditions as set out in this item of the Notice.

Sri Vithaldas Agarwal satisfies all the conditions set out in Part-I of Schedule - V to the Companies Act, 2013 (including any amendments thereto). Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-II issued by the Institute of Company Secretaries of India are set out in the **Annexure I** to the Explanatory Statement. Sri Vithaldas Agarwal, Managing Director of the Company may be considered to be concerned or interested in the said resolution. Sri Mahender Kumar Agarwal and Smt. Madhavi Agarwal may also be considered as concerned or interested in the same, being relative of Sri Vithaldas Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

Item # 06 & 07: Revision in payment of remuneration to Smt. Madhavi Agarwal w.e.f. July 1, 2019 till the expiry of her current term and Re-appointment as Whole-time Director for a further period of five years thereafter.

Smt. Madhavi Agarwal was appointed as Whole Time Director of the company for a period of five years w.e.f. November 6, 2014 at the 32nd Annual General Meeting of the Company. Considering her association with the Company and the pivotal role being played by her for bringing the Company to the level where it stands today, based on the recommendation of nomination and remuneration committee, the Board justifies to sought the approval of shareholders for revision in payment of Smt. Madhavi Agarwal's basic salary from the present payout of ₹1,75,000/- (Rupees One Lakh Seventy Five Thousand Only) per month to ₹ 2,25,000/- (Rupees Two Lakhs Twenty Five Thousand Only) per month w.e.f. July 1, 2019 till the completion of her present term and re-appointment for a period of five years there after (i.e w.e.f. November 6, 2019 to November 5, 2024). The other terms of re-appointment of Smt. Madhavi Agarwal is enumerated in Item No 6 of the Notice.

Smt. Madhavi Agarwal satisfies all the conditions set out in Part-I of Schedule - V to the Companies Act, 2013 (including any amendments thereto). Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-II issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement. Smt. Madhavi Agarwal may be considered to be concerned or interested in the said resolution. Sri Mahender Kumar Agarwal and Sri Vithaldas Agarwal may also be considered as concerned or interested in the same, being relative of Smt. Madhavi Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

Smt. Madhavi Agarwal holds 7,45,291 Equity Shares in the Company.

Item # 08: Revision in the terms of payment of remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director of the Company.

Sri Mahender Kumar Agarwal has over four decades of experience in textile industry and has ably supported the strategic planning & direction of the operations of the company. He made significant contribution towards the growth, operations, modernization and expansion of the companies Plant. Sri Mahender Kumar Agarwal was appointed as Joint Managing Director of the Company for a period of five year with effect from January 1, 2016 to December 31, 2020. Sri Mahender Kumar Agarwal was member of the Stakeholders Relationship Committee and CSR Committee.

Based on performance evaluation, the nomination and remuneration committee subject to the approval of the board and members, proposed to revise the basic salary of Sri Mahender Kumar Agarwal from the existing limit of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) per month to ₹3,25,000/- (Rupees Three Lakhs Twenty Five Thousand Only) per month. The Board of Directors at their meeting held on May 29, 2019 have passed a resolution for revision of the remuneration payable to Sri Mahender Kumar Agarwal, effective April 1, 2019, subject to the approval of the Shareholders of the Company. Approval of the shareholders is therefore being sought for the revision of remuneration of Sri Mahender Kumar Agarwal, Joint Managing Director of the company as specified in the resolution.

Sri Mahender Kumar Agarwal holds 12,47,133 Equity Shares in the Company.

Sri Mahender Kumar Agarwal satisfies all the conditions set out in Part-I of Schedule - V to the Companies Act, 2013 (including any amendments thereto). Sri Mahender Kumar Agarwal may be considered to be concerned or interested in the said resolution. Smt. Madhavi Agarwal and Sri Vithaldas Agarwal may also be considered as concerned or interested in the same, being relative of Sri Mahender Kumar Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

Item # 09: Payment of Remuneration to Cost Auditor

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed Aruna Prasad & Co., Cost Auditors, Chennai, as Cost Auditors of the Company at a remuneration of ₹ 35,000/- plus reimbursement of out of pocket expenses, for conducting audit of cost records for the F.Y. 2019-20. In terms of the provisions of section 148 of the Companies Act, 2013 and rules made thereunder the remuneration payable to the Cost Auditor is to be ratified by the members of the Company in general meeting.

Accordingly, the members are requested to ratify the above said remuneration payable to the Cost Auditor during the financial year 2019-20. The ratification by the Members to this Remuneration is being sought in this resolution.

The Board recommends the resolution for approval of the Members. None of the Directors, Key Managerial personnel, and their relatives of the company is directly / indirectly interested in the above resolution.

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

**Vithaldas Agarwal
Managing Director
DIN: 00012774**

Place: Secunderabad

Date : August 14, 2019

Corporate Identification Number: **L18100TG1983PLC003962**

Registered Office:

Surya Towers, 1st Floor,

105, Sardar Patel Road,

Secunderabad – 500 003.

Tel: 040 – 2777 4200 Fax: 040 – 2784 6859.

Email: cs@suryalata.com

website: www.suryalata.com.

Annexure to Notice

Details of Directors seeking Re-appointment in the Notice dated August 14, 2019 is as follows pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India:

| Sl. No. | Particulars | Name of the Directors | |
|---------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Sri Vithaldas Agarwal (DIN: 00012774) | Smt. Madhavi Agarwal (DIN: 06866592) |
| 1 | Date of Birth and Age | September 10, 1939 and 79 Years | December 2, 1967 and 51 Years |
| 2 | Date of first appointment | July 1, 2009 | May 12, 2014 |
| 3 | Nature and Terms & Conditions of appointment (appointment / re-appointment) | Appointment as Managing Director as per the terms and conditions specified under item no. 5 of the Notice convening 36 th Annual General Meeting read with explanatory statement thereto | Appointment as Whole-time Director as per the terms and conditions specified under item no. 5 of the Notice convening 36 th Annual General Meeting read with explanatory statement thereto |
| 4 | Qualifications | - | B. Com., |
| 5 | Experience and Expertise in specific functional areas | More than six decades of experience in Textile Industry. | Associated with the company since 2014 and looking after the HR and Administrative activities of the Company. |
| 6 | Directorships in other Listed Companies | Nil | Nil |
| 7 | Relationship with other Directors, Manager and Other Key Managerial Personnel of the company | Related to Sri Mahender Kumar Agarwal, Joint Managing Director and Smt. Madhavi Agarwal, Whole-time Director | Related to Sri Mahender Kumar Agarwal, Joint Managing Director and Sri Vithaldas Agarwal, Managing Director |
| 8 | Shareholding in the Company | Holds 8,18,844 Equity Shares | Holds 7,45,291 Equity Shares |
| 9 | Remuneration last drawn by such person, if applicable and remuneration sought to be paid | ₹33,00,000/- was paid as Remuneration during the Financial Year ended March 31, 2019. Remuneration not exceeding ₹ 3,25,000/- per month is proposed to be paid. | ₹24,73,960/- was paid as Remuneration including perquisites during the Financial Year ended March 31, 2019. Remuneration not exceeding ₹2,25,000/- per month is proposed to be paid. |
| 10 | The number of Meetings of the Board attended during the year | 4 out of 4 | 4 out of 4 |
| 11 | Membership / Chairmanship of Committees of other Boards | Nil | Nil |

A graphic consisting of a light gray horizontal bar with a dark gray oval in the center. The words "Statutory Reports" are written in white, bold, sans-serif font inside the oval. Two dark gray horizontal bars are positioned above and below the central oval, partially overlapping the light gray bar.

Statutory Reports

BOARDS' REPORT

To
The Members,
Suryalata Spinning Mills Limited

Your Board of Directors present the **36th Annual Report** of the company together with the Audited Financial Statements of Accounts for the financial year ended **March 31, 2019**.

Financial Results

The Company has prepared financial results in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013.

The financial performance during the year ended March 31, 2019 has been summarized below:

(₹ in Lakhs)

| Particulars | Current Year 2018 – 19 | Previous Year 2017 – 18 |
|----------------------------------------------|---------------------------|----------------------------|
| Gross Sales/Turnover | 43,155 | 36,333 |
| Net Sales/Turnover | 39,111 | 33,412 |
| Profit before Interest, Depreciation and Tax | 4,197 | 2,715 |
| Interest | 1,035 | 710 |
| Depreciation | 840 | 765 |
| Profit Before Tax | 2,322 | 1,240 |
| Less : Provision for tax | 535 | 400 |
| Deferred Tax Liability | 364 | 51 |
| Profit After Tax | 1,423 | 789 |
| Add : Profit brought forward from last year | 890 | 922 |
| Add : Adjustment due to adoption of Ind AS | 11 | 2 |
| Amount available for appropriation | 2,324 | 1,713 |
| Appropriations: | | |
| Transfer to | | |
| (a) General Reserve | 1,090 | 800 |
| (b) Dividend on Equity Shares | 19 | 19 |
| (c) Dividend distribution tax | 4 | 4 |
| Balance Carried forward to Balance Sheet | 1,211 | 890 |

Details of Operations

The year under review was started with a rally of Raw Material prices along with Crude Oil prices due to the impending re-imposition of sanctions on Iran by the United States and continuing declines of production in Venezuela. Indian Rupee also depreciated continuously in the first two quarters, later on appreciated slightly and stabilized at the end of the year. Increase in raw material prices and Rupee depreciation created Stress on Yarn price realizations. Despite all above, the company executed and completed the Modernization cum expansion project at Kalwakurthy unit, increased the Sale volumes with widen customer base and with foresighted de-risking strategies delivered a solid performance in the FY 2018-19.

Operations were broadly affected with the following:

- Average input (raw material) cost increased to ₹ 103.07 per kg. as against ₹ 90.49 in the previous year.
- Raw materials-fiber taxable @ 18% and finished product yarn taxable @ 12% under GST Act, results to inverse duty structure and blockage of working capital funds about ₹ 4.00 cr at any time during the year.
- Average yarn realization achieved at ₹ 156.01 per kg. as against ₹ 139.91 per kg in the previous year.
- Contributions from operations increased to ₹ 50.43 per kg. from ₹ 47.20 per kg in the previous year.
- Operational cost maintained at ₹ 41.61 per kg. as against ₹ 41.23 per kg in the previous year.

Highlights of the Company's Affairs

The highlights of the Company's performance are as under:

- ❖ Gross Revenue from operations for the FY 2018-19 is ₹ 431.55 cr as compared to ₹ 363.33 cr in the previous year.
- ❖ Exports increased to ₹ 51.98 cr as compared to ₹ 39.84 cr in the previous year.
- ❖ Production quantities increased to 25,152 MTs as against ₹ 23,401 MTs in the previous year.
- ❖ Profit Before Tax for the FY 2018-19 is ₹ 23.22 cr as compared to ₹ 12.40 cr in the previous year.
- ❖ Profit after Tax is ₹ 14.23 cr as against ₹ 7.89 cr in the previous year.

Capital expenditure

The company's in hand project of Modernization cum expansion at Kalwakurthy unit has been completed during the current financial year and incurred total Capital Expenditure of ₹ 83.93 cr The project taken shape with modernization of 9,120 spindles and expansion of 21,984 spindles thereby company's total spindle capacity increased to 1,15,248 spindles.

Transfer to Reserves

The Company has decided to transfer ₹ 10.90 cr to the general reserve for the financial year ended March 31, 2019.

Dividends

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2018-19. The said Dividend will absorb a sum of ₹ 41,30,000/-. The corporate dividend tax will be ₹ 8,48,934/-.

Also, your Directors have recommended the payment of Dividend on Equity Shares at 18% (i.e.) ₹ 1.80 per share of ₹ 10/- each to Non-promoter equity shareholders of the Company for the year 2018-19. The dividend will absorb a sum of ₹ 22,76,442/- and the dividend tax will be ₹ 4,67,929/-.

Investor Education and protection Fund (IEPF).

Pursuant to provisions of Section 124 and 125 of the Companies Act 2013 read with IEPF Rules 2016, all unpaid or unclaimed dividends up to the financial year 2010-11 was transferred to the Investor Education and Protection Fund established by the Central Government. The shareholders whose dividends and shares have been transferred to the IEPF Authority can claim their dividend and shares from the IEPF Authority.

Deposits

During the year under review the Company has not accepted any deposits in pursuance of Chapter V Companies (Acceptance of Deposits) Rules, 2014.

Extract of Annual Return

The Extract of Annual Return prepared in **Form MGT-9** as per the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure I** to this Report.

Number of Meetings of the Board of Directors

Four (4) Board Meetings & Audit Committee Meetings were held during the Financial Year 2018-19 as below:

1. May 9, 2018
2. August 13, 2018
3. November 5, 2018
4. February 12, 2019

The Meetings of the following Committee's held on the respective dates as mentioned below:

1. Nomination and Remuneration Committee – November 5, 2018 & February 12, 2019.

2. CSR Committee Meeting – May 19, 2018
3. Stakeholders Relationship Committee Meeting – February 12, 2019.

For details pertaining to attendance of Directors for the said Meetings, please refer to the Corporate Governance Report, which forms part of this report.

Changes in Share Capital

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

Directors Responsibility Statement

Pursuant to the requirements under Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (a) that in the preparation of the annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards have been followed;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019, and Profit and Loss Statement of the Company for that period;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the directors have prepared the annual accounts for the financial year ended March 31, 2019, on a going concern basis;
- (e) that the directors have laid down internal controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Statement on Declaration given by Independent Directors under Sub-Section (6) of Section 149 of the Companies Act, 2013.

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Sub-Section (6) of section 149 of Companies Act, 2013.

Related Party Transactions

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions and listing regulations. The disclosures relating to related party transactions as required in **Form AOC-2** is enclosed to this report as **Annexure-II**.

The Company has adopted a related party transactions policy and the said policy as approved by the board is uploaded on the Company's website www.suryalata.com.

Particulars of Loans, Guarantees and Investments:

During the year under review, the Company has not granted any loans, neither provided guarantees nor made any investments covered in the register maintained under section 186 of the Companies Act, 2013.

Particulars of Employees

The details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-III**.

Further during the year under review, the list of top ten employees in terms of remuneration drawn as set out in Rule 5(2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-III**.

Details of Directors and Key Managerial Personnel's appointed or resigned during the year:

During the financial year under review, Sri R S Agarwal resigned from the board with effect from February 15, 2019. Further in accordance Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act and regulation 17(1A) and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the shareholders of the company vide their special resolutions passed through postal ballot approved the continuation of Sri R Surender Reddy and Sri K Lakshmikanth Reddy as directors of the company till the conclusion of the current term and re-appointment for a further period of five years along with Sri K R Suresh Reddy with effect from August 6, 2019.

Committees of the Board:

Currently the Board has four Committees:

1. The Audit Committee
2. The Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders Relationship Committee

Audit Committee

The Audit Committee consists of Sri R Surender Reddy, Chairman, Sri K R Suresh Reddy, Member and Sri K Lakshmikanth Reddy, Member. During the year under review, due to the resignation, Sri R S Agarwal ceased to be the member of the committee w.e.f. February 15, 2019 and Sri K Lakshmikanth Reddy was appointed as member of the committee with effect from March 29, 2019. All the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee.

The Nomination and Remuneration Committee consists of Sri K R Suresh Reddy, Chairman, Sri K Lakshmikanth Reddy, Member and Sri R Surender Reddy, Member. During the year under review, due to the resignation, Sri R S Agarwal ceased to be the member of the committee w.e.f. February 15, 2019 and Sri R Surender Reddy was appointed as Member of the Committee w.e.f. March 29, 2019.

Policy on directors' appointment and remuneration and other details:

The Company follows a policy on remuneration of directors and other senior managerial personnel. The Policy is recommended by the Nomination and Remuneration Committee and approved by the Board. More details of the same is given in the Corporate Governance Report.

Corporate Social Responsibility Committee.

The Corporate Social Responsibility consists of Sri R Surender Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large.

Corporate Social Responsibility Policy.

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, Sanitation, Animal Welfare, environment and community development. In alignment with vision of the company, through its CSR initiatives, will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The Report on Corporate Social Responsibility as per Rule 8 of (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure IV**.

Stakeholders Relationship Committee.

Stakeholders Relationship Committee consists of Sri K R Suresh Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

The Scope of the committee shall include considering and resolving the grievances of the security holders of the company which may arise due to any of the reasons cited in the Stakeholders Relationship Committee of the company.

Auditor:**Statutory Auditors:**

At the Annual General Meeting (AGM) held on September 4, 2017, K S Rao & Co., Chartered Accountants (ICAI Firm Registration Number **003109S**), were appointed as Statutory Auditors of the Company to hold office for a period of five years and their appointment will be subject to the ratification of members at every Annual General Meeting. However, pursuant to the Companies (Amendment) Act, 2017, the ratification of the auditors at every annual general meeting of the company has been dispensed with.

Auditor's Report

The Auditor's Report to the Shareholders for the year under review does not contain any qualification or adverse remark.

Secretarial Auditor

The Board has appointed **VCAN & Associates**, a firm of practicing Company Secretaries, Hyderabad as the Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2019 in compliance with the provisions of Section 204 of the Companies Act, 2013.

The Secretarial Audit Report issued by VCAN & Associates, in Form MR-3 is enclosed as **Annexure V**.

Internal Auditor

The Board of Directors of the Company have appointed Brahmayya & Co., Chartered Accountants as Internal Auditors to conduct Internal Audit of the Company for the Financial Year ended March 31, 2019.

Cost Auditor:

The Board of Directors have appointed Aruna Prasad & Co., Cost Auditors, Chennai for conducting the cost audit of the Company for the financial year 2019-20, in compliance to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit Rules,) 2014, on the recommendations made by the Audit Committee and has recommended her remuneration for the approval of Members at the ensuing Annual General Meeting.

Corporate Governance Report

The report on Corporate Governance as per Regulation 34(3) read with Schedule - V of the SEBI Listing Regulations

is included as a part of this Annual Report. The requisite certificate from **VCAN & Associates** confirming the compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Management Discussion and Analysis

In terms of provisions of Regulation 34(2) of SEBI Listing Regulations report on Management Discussion & Analysis for the year under review is provided in a separate section forming part of this Annual Report.

Vigil Mechanism/Whistle Blower Policy:

The Board of Directors of the Company have adopted Whistle Blower Policy. This policy is formulated to provide an opportunity to employees and an avenue to raise concerns and to access in good faith the Audit Committee, to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication, in case they observe unethical and improper practices or any other wrongful conduct in the Company, to provide necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

The Policy on vigil mechanism/whistle blower policy may be accessed on the Company's website www.suryalata.com

Details of adequacy of internal financial controls.

The company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Change in the Nature of Business.

There has been no change in the nature of business of the Company during the financial year under review.

The details of significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

No significant or material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future during the year under review.

Material changes and Commitments, if any, affecting the financial position of the Company occurred after the closure of financial year till the time of adoption of this report.

No other material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company. Further, there is no change in the nature of business of the Company.

However, Sri K K Sinha, Director of the company resigned from the board w.e.f. August 14, 2019.

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The information with respect to Conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014, are provided in the **Annexure VI** to this Report.

Risk Management Policy.

The Company has policy for identifying risk and established controls to effectively manage the risk. Further the company has laid down various steps to mitigate the identified risk. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Declaration with the compliance with the code of conduct by Members of the board and Senior Management personnel.

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

The said policy is available on the website of the Company **www.suryalata.com**

Mechanism for Board Evaluation.

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the schedule IV of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision, objective, skills, knowledge and experience, participation and attendance in Board/ Committee meetings; governance and contribution to strategy; interpersonal skills etc.

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 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 performance of non-independent directors, performance of the board as a whole and performance of the chairman after taking in to account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual

directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Policy on Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company regularly conducts awareness programmes for its employees.

Disclosure pertaining to sexual harassment of women at workplace.

During the Financial year ended March 31, 2019 the Company has neither received any complaints nor there are any pending complaints pertaining to sexual harassment, and the Company had created Internal Complaints committee.

Environment, Health and Safety

The Company considers it is essential to protect the Earth and limited natural resources as well as the health and well being of every person. The Company strives to achieve safety, health and environmental excellence in all aspects of its business activities. Acting responsibly with a focus on safety, health and the environment is part of the Company's DNA.

Compliance with Secretarial Standards

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

Prevention of Insider Trading Code

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has designated the company secretary being the compliance officer, who will be responsible for setting forth procedures and implementing the code for trading in Company's securities. During the year under review, there has been due compliance with the said code.

Acknowledgments.

The Company is grateful to its Customers, Shareholders, Suppliers, Banks & Financial institutions, Central & State Government Authorities for their constant support. The Board of Directors also place on record their deep appreciation of the contribution made by the employees at all levels, the consistent growth of the Company was made possible by their hard work, loyalty, dedication, coordination and support.

For and on behalf of the Board
For **Suryalata Spinning Mills Limited**

Vithaldas Agarwal
Managing Director
DIN: 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN: 00012807

Place: Secunderabad
Date : August 14, 2019

FORM - MGT - 9
EXTRACT OF ANNUAL RETURN (as on the financial year ended on March 31, 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 | L18100TG1983PLC003962 |
| ii) | Registration Date | May 23, 1983 |
| iii) | Name of the Company | Suryalata Spinning Mills Limited |
| iv) | Category / Sub-Category of the Company | Company limited by Shares & Indian Non-Government Company |
| v) | Address of the Registered office and contact details | Surya Towers, 1 st Floor, 105, Sardar Patel Road, Secunderabad, Telangana - 500 003. Tel: 040 2777 4200, 2781 9908, 2781 9909 E-Mail: cs@suryalata.com |
| vi) | Whether listed company Yes / No | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Fintech Private Limited Karvy Selenium Tower - B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad, Telangana - 500 032. Phone No: 040-6716 1606, 6716 1770 E-Mail: einward.ris@karvy.com Website: www.karvyfintech.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S.No | Name and description of main products/ services | NIC code of the product/ service | % of total turnover of the company |
|-------------|--------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| 1 | Manufacture & Sale of Synthetic Yarn | 13114 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:
Nil

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

| Category of shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change During The year |
|-----------------------------------------------------------------|-------------------------------------------------|------------|----------------|-------------------|-------------------------------------------|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 3002310 | - | 3002310 | 70.36 | 3002310 | - | 3002310 | 70.36 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/Fl | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1) | 3002310 | - | 3002310 | 70.36 | 3002310 | - | 3002310 | 70.36 | - |
| (2) Foreign | | | | | | | | | |
| a) NRI's-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/Fl | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A) = (A)(1) + (A)(2) | 3002310 | - | 3002310 | 70.36 | 3002310 | - | 3002310 | 70.36 | - |
| B1. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 96 | - | 96 | - | 96 | - | 96 | - | - |
| b) Banks/Fl | - | 900 | 900 | 0.02 | - | 900 | 900 | 0.02 | - |
| Sub-Total (B)(2) | 96 | 900 | 996 | 0.02 | 96 | 900 | 996 | 0.02 | - |
| a) B2 Central Govt. | - | - | - | - | - | - | - | - | - |
| b) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| c) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| d) Insurance Companies | - | - | - | - | - | - | - | - | - |
| e) FIs | - | - | - | - | - | - | - | - | - |
| f) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| g) Others (specify) | - | - | - | - | - | - | - | - | - |

| Category of shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change During The year |
|---------------------------------------------------------------------------|-------------------------------------------------|---------------|----------------|-------------------|-------------------------------------------|--------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 200938 | 270 | 201208 | 4.72 | 191710 | 270 | 191980 | 4.50 | (0.22) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholding upto Rs. 2 Lakh | 626210 | 58854 | 685064 | 16.05 | 638606 | 52371 | 690977 | 16.19 | 0.14 |
| ii) Individual shareholding nominal share capital in excess of Rs. 2 lakh | 337061 | - | 337061 | 7.90 | 333194 | - | 333194 | 7.81 | (0.09) |
| c) NBFCs Registered with RBI | - | - | - | - | 1000 | - | 1000 | 0.02 | 0.02 |
| d) Others Clearing Members | 354 | - | 354 | 0.01 | 3005 | - | 3005 | 0.07 | 0.06 |
| e) NRIs | 6705 | - | 6705 | 0.15 | 8126 | - | 8126 | 0.19 | 0.04 |
| f) IEPF | 33302 | - | 33302 | 0.78 | 35412 | - | 35412 | 0.83 | 0.05 |
| Sub-Total(B)(3) | 1204570 | 59124 | 1263694 | 29.62 | 1211053 | 52641 | 1263694 | 29.61 | (0.01) |
| Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3) | 1204666 | 600024 | 1264690 | 29.64 | 1211149 | 53541 | 1264690 | 29.64 | - |
| B. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4206976 | 60024 | 4267000 | 100 | 4213459 | 53541 | 4267000 | 100 | - |

ii) Shareholding of Promoters

| Sl. No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change during the year |
|---------|----------------------------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|--------------------------|
| | | No. of shares | % of total Shares of the company | % of Shares Pledged/ Encumbered to total shares | No. of Shares | % of total Shares of the company | % of shares pledged/ encumbered to total shares | |
| 1 | Sri Vithaldas Agarwal | 818844 | 19.19 | 92.67 | 818844 | 19.19 | 92.67 | - |
| 2 | Sri Mahender Kumar Agarwal | 1247133 | 29.23 | 57.50 | 1247133 | 29.23 | 57.50 | - |
| 3 | Smt. Madhavi Agarwal | 745291 | 17.47 | 29.52 | 745291 | 17.47 | 29.52 | - |
| 4 | Agarwal Mahender Kumar – HUF (Represented by Mahender Kumar Agarwal) | 191042 | 4.48 | 54.50 | 191042 | 4.48 | 54.50 | - |

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

| Sl. No. | Name of the Share holder | Shareholding at the beginning of the year | | Date wise increase/decrease in the shareholding during the year | | Cumulative Shareholding | |
|---------|--------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------------------------------|---------------|-------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the Company | Date | No. of shares | No. of Shares | % of total shares of the Company |
| 1 | Jamson Securities Private Limited | 171373 | 4.02 | Nil | | 171373 | 4.02 |
| | | | | Shareholding at the end of the year | | 171373 | 4.02 |
| 2 | Anirudh Mohta | 95226 | 2.23 | 15/06/2018 | (2000) | 93226 | 2.18 |
| | | | | Shareholding at the end of the year | | 93226 | 2.18 |
| 3 | Pranav Kumarpal Parekh | 52784 | 1.24 | Nil | | 52784 | 1.24 |
| | | | | Shareholding at the end of the year | | 52784 | 1.24 |
| 4 | Prabha Mohta | 46164 | 1.08 | Nil | | 46164 | 1.08 |
| | | | | Shareholding at the end of the year | | 46164 | 1.08 |
| 5 | Anil Kumar | 34950 | 0.82 | Nil | | 34950 | 0.82 |
| | | | | Shareholding at the end of the year | | 34950 | 0.82 |
| 6 | Kishan Gopal Mohta | 31843 | 0.75 | 15/06/2018 | 2000 | 33843 | 0.79 |
| | | | | 22/06/2018 | 157 | 34000 | 0.80 |
| | | | | 06/07/2018 | (2897) | 31103 | 0.73 |
| | | | | 13/07/2018 | 25 | 31128 | 0.73 |
| | | | | 31/08/2018 | 108 | 31020 | 0.73 |
| | | | | 09/11/2018 | 50 | 31070 | 0.73 |
| | | | | 16/11/2018 | 3657 | 34727 | 0.81 |
| | | | | 23/11/2018 | 580 | 35307 | 0.83 |
| | | | | 30/11/2018 | (150) | 35157 | 0.82 |
| | | | | 15/02/2019 | (5262) | 29895 | 0.70 |
| | | | | 22/02/2019 | (20) | 29875 | 0.70 |
| | | | | Shareholding at the end of the year | | 29875 | 0.70 |
| 7 | Dr. Ramesh Chimanlal Shah | 27500 | 0.64 | Nil | | 27500 | 0.64 |
| | | | | Shareholding at the end of the year | | 27500 | 0.64 |
| 8 | Vinodchandra Mansukhlal Parekh | 27353 | 0.64 | Nil | | 27353 | 0.64 |
| | | | | Shareholding at the end of the year | | 27353 | 0.64 |
| 9 | Sanjeev Vinodchandra Parek | 21241 | 0.50 | 23/11/2018 | 101 | 21342 | 0.50 |
| | | | | Shareholding at the end of the year | | 21342 | 0.50 |
| 10 | Investor Education And Protection Fund Authority | 33302 | 0.78 | 07/12/2018 | 1620 | 34922 | 0.82 |
| | | | | 01/02/2019 | 490 | 35412 | 0.83 |
| | | | | Shareholding at the end of the year | | 35412 | 0.83 |

v) Shareholding of Directors and Key Managerial Personnel

| Sl. No | Particulars | Shareholding at the beginning of the year | | Increase/ decrease in the shareholding during the year | Shareholding at the end of the year | |
|--------|----------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------------|-------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | | No. of shares | % of total shares of the company |
| 1 | Sri R Surender Reddy | 3600 | 0.08 | - | 3600 | 0.08 |
| 2 | Sri Vithaldas Agarwal | 818844 | 19.19 | - | 818844 | 19.19 |
| 3 | Sri Mahender Kumar Agarwal | 1247133 | 29.23 | - | 1247133 | 29.23 |
| 4 | Smt. Madhavi Agarwal | 745291 | 17.47 | - | 745291 | 17.47 |

vi) INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment(As per Ind As)

(in ₹)

| | Secured Loans Excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|----------------------------------|---------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 53,15,11,439 | 15,00,33,505 | - | 68,15,44,944 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | 20,04,663 | - | - | 20,04,663 |
| Total (i)+(ii)+(iii) | 53,35,16,102 | 15,00,33,505 | - | 68,35,49,607 |
| Change in indebtedness during the financial year | | | | |
| Addition | 67,43,03,926 | 67,14,046* | - | 68,10,17,972 |
| Reduction | (10,87,82,839) | (86,87,556) | - | (11,74,70,395) |
| Net change indebtedness | 56,55,21,087 | (19,73,510) | - | 56,35,47,577 |
| At the end of the financial year | | | | |
| i) Principal Amount | 109,80,40,598 | 14,80,59,995 | - | 124,61,00,593 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not paid | 9,96,591 | - | - | 9,96,591 |
| Total (i)+(ii)+(iii) | 109,90,37,189 | 14,80,59,995 | - | 124,70,97,184 |

Note: * Additions to unsecured loans includes Sales Tax Deferment loan of ₹ 32,14,046/- due to Ind As adjustments.

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Director and/or Manager

(in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD /WTD/ Manager | | | | Total Amount |
|---------|---------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------|---------------------------------------|------------------|--------------------|
| | | Vithaldas Agarwal, Managing Director | Mahender Kumar Agarwal, Joint Managing Director | Madhavi Agarwal, Whole –time Director | K K Sinha* | |
| 1 | Gross Salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 33,00,000 | 33,72,240 | 21,21,600 | 22,26,291 | 1,10,20,131 |
| | (b) Value of perquisite u/s 17(2) of Income Tax Act, 1961 | Nil | 5,26,504 | 3,52,360 | 2,34,340 | 11,13,204 |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | Nil | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil | NIL |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil | Nil |
| 4 | Commission – as 2 % of profit - Others, specify | Nil | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (A) | 33,00,000 | 38,98,744 | 24,73,960 | 24,60,631 | 1,21,33,335 |
| | Ceiling as per the Act | Within the Ceiling Limits as prescribed under the Act | | | | |

**Resigned from the board w.e.f. August 14, 2019*
B. Amount paid to Independent Directors

(in ₹)

| Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----------------------------------------------|-------------------------------------------------------|---------------------------|------------------|----------------------|-----------------|
| | Sri R Surender Reddy | Sri K Lakshmi Kanth Reddy | Sri R S Agarwal* | Sri K R Suresh Reddy | |
| Independent Directors | | | | | |
| ❖ Fee for attending board/ committee meetings | 38,000 | 25,000 | 41,000 | 44,000 | 1,48,000 |
| ❖ Commission | Nil | Nil | Nil | Nil | Nil |
| ❖ Others, please specify | Nil | Nil | Nil | Nil | Nil |
| Total (1) | 38,000 | 25,000 | 41,000 | 44,000 | 1,48,000 |
| Other Non-Executive Directors | | | | | |
| ❖ Fee for attending board/ committee meetings | | | | | |
| ❖ Commission | | | | | |
| ❖ Others, please specify | Nil | Nil | Nil | Nil | Nil |
| Total (2) | - | - | - | - | - |
| Total (B) = (1+2) | 38,000 | 25,000 | 41,000 | 44,000 | 1,48,000 |
| Ceiling as per the Act | Within the Ceiling Limits as prescribed under the Act | | | | |

**Resigned from the board with effect from February 15, 2019*

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (in ₹)

| Sl. No. | Particulars of remuneration | Name of Key Managerial Personnel | | | Total Amount |
|---------|---------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-----------------------|------------------|
| | | Deepesh Kumar* Company Secretary | Y Hari Priya** Company Secretary | K Nageswara Rao (CFO) | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 55,830 | 1,75,000 | 26,70,932 | 28,38,762 |
| | (b) Value of perquisite u/s 17(2) of Income Tax Act, 1961 | -- | -- | -- | -- |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission - as % of profit - Others, specify | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (A) | 55,830 | 1,75,000 | 26,70,932 | 28,38,762 |

**Deepesh Kumar resigned with effect from May 31, 2018*

***Appointed with effect from November 5, 2018*

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Place : Secunderabad
Date : August 14, 2019

Vithaldas Agarwal
Managing Director
DIN: 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN: 00012807

FORM NO. AOC -2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013

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

1. Details of contracts or arrangements or transactions not at arm's length basis

There are no contracts or arrangements entered into by the company with related parties referred to in sub - section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. Details of contracts or arrangement or transactions at arm's length basis:

Contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis

| Sl. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Amount (in Rs) |
|---------|-------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------|
| 1. | Surana Solar Limited (Enterprise having common Director) | Security Deposit | Ongoing | As per the Agreement | 30,00,000 |
| 2. | Surana Solar Limited (Enterprise having common Director) | Solar Power purchased | Ongoing | As per the Agreement | 17,06,650 |
| 3. | Suryaamba Spinning Mills Limited (Company in which relative is a Director) | Sale of Yarn | Ongoing | As per the terms and conditions of the contract | 19,26,723 |

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Place : Secunderabad
Date : August 14, 2019

**Vithaldas Agarwal
Managing Director
DIN: 00012774**

**Mahender Kumar Agarwal
Joint Managing Director
DIN: 00012807**

PARTICULARS OF EMPLOYEES
Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (in ₹)

| Name of Director | Designation | Remuneration In FY 18-19 | Remuneration in FY 17-18 | % of increase in remuneration | Ratio of remuneration to MRE |
|--------------------------------------------|-------------------------|--------------------------|--------------------------|-------------------------------|------------------------------|
| Executive Directors | | | | | |
| Sri Vithaldas Agarwal | Managing Director | 33,00,000 | 33,00,000 | Nil | 20.95 |
| Sri Mahender Kumar Agarwal | Joint Managing Director | 38,98,744 | 38,96,075 | 0.06 | 24.76 |
| Smt. Madhavi Agarwal | Whole-Time Director | 24,73,960 | 24,73,945 | 0.06 | 15.71 |
| Sri K K Sinha | Director (Operations) | 24,82,231 | 22,72,029 | 8.47 | 15.76 |
| Key Managerial Personnel | | | | | |
| Sri K Nageswara Rao | Chief Financial Officer | 26,70,932 | 25,22,240 | 5.90 | 16.95 |
| Sri Deepesh Kumar# (up to May 31, 2018) | Company Secretary | 55,830 | 2,89,638 | (25.47) | 1.47 |
| Smt. Hari Priya# | Company Secretary | 1,75,000 | - | | |

Due to resignation and appointment of Company Secretary, the consolidated salaries of the Company Secretaries were considered

- The Median Remuneration of the employees of the Company during the financial year was ₹1,57,486.
- In the financial year, there was an increase of 3.41% in the median remuneration of employees.
- There are 440 permanent Employees on the Rolls of the Company as on March 31, 2019.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 9.95%, and for financial Year 2018-19 it was 9.80%.
- The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

Annexure- III

| Sl. No. | Name & Designation | Remuneration received (₹) | Nature of employment, whether contractual or otherwise | Qualification and experience of the employee | Date of Commencement of employment | Age | The last employment held before joining the Company | The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5 | Whether the employee is a relative of any director or manager of the company |
|---------|---------------------------------------------------------|---------------------------|--------------------------------------------------------|----------------------------------------------|------------------------------------|-----|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1. | Sri Mahender Kumar Agarwal, Joint Managing Director | 38,98,744 | Regular | B.Com., 28 Years | 01-07-1986 | 55 | - | Not applicable | Yes |
| 2. | Sri Vithaldas Agarwal, Managing Director | 33,00,000 | Regular | Under Graduate 54 Years | 01-09-1989 | 79 | - | Not applicable | Yes |
| 3. | Smt. Madhavi Agarwal, Executive Director | 24,73,960 | Regular | B.Com., 10 Years | 06-11-2014 | 51 | - | Not applicable | Yes |
| 4. | Sri K. Nageswara Rao, Chief Financial Officer | 26,70,932 | Regular | B.Com., FCA., 33 Years | 28-01-2009 | 60 | Regency Ceremics Ltd., Hyderabad | | No |
| 5. | Sri K. K. Sinha, Director- Operations | 24,82,231 | Regular | D.T.T. 41 Years | 07-06-2004 | 63 | Bhmvel Synthetics India Ltd., Fatahnagar, Rajasthan | Except Sri K Nageswara Rao, Chief Financial Officer of the Company, No | No |
| 6. | Sri Kapil Pandit, Chief General Manager | 14,82,957 | Regular | A. T. T. 32 Years | 03-11-2015 | 55 | Orient Syntex Ltd., Bhiwandi, Rajasthan | other Employee was in receipt of remuneration above the remuneration of Managing Director / Whole-time Director | No |
| 7. | Sri D. V. Ramana Reddy, General Manager (HR and P&A) | 14,18,919 | Regular | M.Com., PGDPM & LL.B., 30 Years | 13-06-2000 | 57 | Kothari Spinning Mills Ltd., Adoni, Andhra Pradesh | | No |
| 8. | Sri R. Prasada Rao, General Manager – Sales | 10,96,572 | Regular | M.Com., MSM 28 Years | 22-01-2004 | 53 | Priyadarshini Spinning Mills Ltd., Hyderabad | | No |
| 9. | Sri K. Ajay Kumar, Manager – EDP | 8,50,430 | Regular | B.Sc., PGDCA., 26 Years | 29-10-2004 | 51 | My Home Industries Ltd., Hyderabad. | | No |
| 10. | Sri Anil Kumar Rai, Technical Manager | 8,19,356 | Regular | Diploma in Mechanical 26 Years | 01-07-2011 | 51 | Sinab Textiles Mills, Kathuva, J & K | | No |

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Place : Secunderabad
Date : May 29, 2019

Vithaldas Agarwal
Managing Director
DIN: 00012774

Mahender Kumar Agarwal
Joint Managing Director
DIN: 00012807

**Annual Report on Corporate Social Responsibility
[Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014]**

The Company's CSR Policy seeks to touch and transform people's lives by promoting education, health care and employment opportunities. Indeed, it seeks to evaluate the quality of people especially the disadvantaged sections of the society.

Identified Areas of Engagement:

- Promoting education, including special education and employment enhancing vocational skills among children and women.
- Eradicating hunger and poverty and malnutrition and sanitation and making available safe drinking water and
- Animal Welfare.

- Promoting health care including preventive health care.

Composition of CSR Committee:

The CSR Committee comprises of the following:

- Sri R Surender Reddy - Chairman
- Sri Vithaldas Agarwal - Member
- Sri Mahender Kumar Agarwal - Member

Average Net profits of last three Financial Years:

| | | | |
|--------------------------------------------------------|--------------------|--------------------|--------------------|
| Net Profits for the preceding three Financial year | 2015-16 (₹) | 2016-17 (₹) | 2017-18 (₹) |
| | 14,55,69,000/- | 14,31,00,000/- | 12,40,12,000/- |
| Average | ₹ 13,75,60,333/- | | |
| Prescribed CSR Expenditure (2% of Average Net profits) | ₹ 27,52,000/- | | |

The company has spent ₹ 28,10,000/- on the identified areas as approved by the Board for the Financial Year ended March 31, 2019. The details are as below:

| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or program subheads (1) direct expenditure on projects or programs (2) overheads | Cumulative expenditure up to the reporting period | Amount spent direct or through implementing agency |
|--------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| 1 | Promoting education, including special education and employment enhancing vocational skills among children and women. | Education | Running and on-going expenditure for Gayathri Veda vidyalam, Marchala Village, Kalwakurthy, Nagar Kurnool District, Telangana. | 28,00,000 | 28,10,000 | 28,10,000 | Direct |
| Total | | | | 28,00,000 | 28,10,000 | 28,10,000 | -NA- |

The CSR committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company

Place : Secunderabad
Date : May 29, 2019

Vithaldas Agarwal
Member of CSR Committee

R. Surender Reddy
Chairman of CSR Committee

Form MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members
SURYALATA SPINNING MILLS LIMITED
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad – 500 003, Telangana.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SURYALATA SPINNING MILLS LIMITED (CIN: L18100TG1983PLC003962)** (hereinafter referred to 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 my opinion thereon. Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 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:

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 March 31, 2019 according to the provisions of:

- I) The Companies Act, 2013 (the Act) (to the extent applicable) and the Rules made thereunder;
- II) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- III) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V) The following Regulations and Guidelines prescribed under the Securities 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the company during the audit period);**
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the audit period).**
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**
 - g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period);**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period).**
- VI) Relying on the representations given by the Company and its officers with regard to other laws specifically applicable to the Company and its compliance, we opine that the Company has complied with the following laws:
 - a. Textiles (Development & Regulation) Order, 2001;
 - b. Textiles (Consumer Protection) Regulation, 1988;

VII) We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that:

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

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

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

**For VCAN & Associates
Practicing Company Secretaries**

Place: Hyderabad
Date : May 14, 2019

Ajay Naga Chowdary Vemuri
M.No.A36089
C.P.No.15460

Note: This report is to be read with my letter of even date which is annexed as Annexure-A and forms an integral part of this report.

TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
SURYALATA SPINNING MILLS LIMITED
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad-500 003, Telangana.

My Report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of 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.
7. We have relied up on the information provided by the Management with respect to related party transactions for its compliance.

**For VCAN & Associates
Practicing Company Secretaries**

Place: Hyderabad
Date : May 14, 2019

Ajay Naga Chowdary Vemuri
M.No.A36089
C.P.No.15460

Information as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of Directors Report for the year ended March 31, 2019.

The information as per Section 134 of the Companies Act, 2013 has to be presented:

A. Conservation of energy

(i) The steps taken or impact on conservation of Energy:

Synchronized Maintenance schedules, installed power saving inverters, screw compressor, conducted regular energy audit and taken immediate steps to curtail power consumption.

(ii) The Steps taken by the Company for utilising alternate sources of Energy : Solar power utilization

(iii) The Capital Investment on energy conservation equipment's : Rs. 30.00 lakhs as security deposit

B. Technology absorption:

| | | |
|------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| I | The efforts made towards technology absorption | The company has adapted indigenous technology and made innovation on the same. |
| ii | The benefits derived like product improvement, cost reduction, product Development or import substitution | Product development, increase in yield and quality has resulted increase in turnover |
| iii | In case of imported technology (imported during the last three years reckoned from the beginning of the Financial year) | |
| | the details of technology imported | Nil |
| | the year of import | 2018-19 |
| | whether the technology been fully absorbed | Completely absorbed |
| | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | Not Applicable |

C. Foreign exchange earnings and outgo:

The details of foreign exchange earnings in terms if actual inflow and outflows during the year are detailed in Note No. 33 of the Financial Statements.

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Place : Secunderabad
Date : August 14, 2019

**Vithaldas Agarwal
Managing Director
DIN 00012774**

**Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807**

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society". (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992).

The Company has always adhered to good corporate governance practices and maintained the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations.

The Company believes that high standards of Corporate Governance are the critical to ensure the business success. We feel proud that we have laid a strong foundation stone for good governance long back. The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. Suryalata mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance in the overall interest of all the stakeholders.

The Company's philosophy on Corporate Governance aims at facilitating effective management of the Company in the conduct of business and in meeting the objectives of enhancing value of the Company to its stakeholders and to provide good management. The Company endeavors to achieve optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

- A.** Fair and transparent business practices.
- B.** Effective management control by Board.
- C.** Adequate representation of promoter, executive and independent Directors on the Board.
- D.** Monitoring of executive performance by the Board.
- E.** Compliance of laws.
- F.** Transparent and timely disclosure of financial and management information.

2. BOARD OF DIRECTORS

A. Composition, category of Directors and attendance record for the year 2018 –19.

The Companies Act, 2013 and regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 govern the composition of the Board of Directors. The Board comprises a combination of Executive and Non-Executive Directors. The Company has Non-Executive Chairman. Non-Executive Directors bring independent views and judgment in the decision-making process of the Board.

Constitution of the Board, there category, participation of Directors at meetings of the Board during the year 2018 –19 and attendance at the last Annual General Meeting held on August 13, 2018.

| Name of the Director | Category | No of Board Meetings | | Attendance at last AGM |
|----------------------------|---------------------------|----------------------|----------|------------------------|
| | | Held | Attended | |
| Sri R. Surender Reddy | Non-Executive Independent | 4 | 4 | Present |
| Sri K. Lakshmikanth Reddy | Non-Executive Independent | 4 | 4 | Present |
| Sri R. S. Agarwal* | Non-Executive Independent | 4 | 4 | Present |
| Sri K. R. Suresh Reddy | Non-Executive Independent | 4 | 4 | Present |
| Sri Vithaldas Agarwal | Executive/ Promoter | 4 | 4 | Present |
| Sri Mahender Kumar Agarwal | Executive/ Promoter | 4 | 3 | Present |
| Smt. Madhavi Agarwal | Executive Director | 4 | 4 | Present |
| Sri K. K. Sinha# | Executive Director | 4 | 4 | Present |

*resigned from the board w.e.f. February 15, 2019.

#resigned from the board w.e.f. August 14, 2019.

b) Number of other Companies' Directorships & Committee Membership / Chairmanship:

| Name of the Director | No. of Other Directorships | | Chairmanships / memberships in other Companies* | | Name of other listed entities where he/she is a director and the category of directorship |
|----------------------------|----------------------------|--------|-------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Private | Public | Chairmanship | Membership | |
| Sri R Surender Reddy | - | 6 | 2 | 3 | 1. Suryalakshmi Cotton Mills Limited 2. Surana Solar Limited 3. Lakshmi Finance and Industrial Corporation Limited 4. Bhagyanagar India Limited |
| Sri K. Lakshmikanth Reddy | - | - | - | - | - |
| Sri K R Suresh Reddy | 2 | | - | - | - |
| Sri Vithaldas Agarwal | 1 | | - | - | - |
| Sri Mahender Kumar Agarwal | 1 | 1 | - | - | - |
| Smt. Madhavi Agarwal | - | - | - | - | - |
| Sri KK Sinha# | - | - | - | - | - |

*Chairmanship/Membership in Audit & Stakeholders relationship committees were only taken into consideration
#resigned from the board w.e.f. August 14, 2019.

c) Number of Board meetings:

In compliance with the provisions of Regulation 17 of the Listing Regulations, the intervening period between two Board Meetings was within the maximum gap of one hundred and twenty days. During the year under review, four Board meetings were held during the year on May 9, 2018; August 13, 2018; November 5, 2018 and February 12, 2019.

d) Disclosure of relationships between inter-se:

| S. No | Name of the Director | Relationship |
|-------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Sri Mahender Kumar Agarwal | Son of Sri Vithaldas Agarwal (Managing Director) |
| 2 | Smt. Madhavi Agarwal | Wife of Sri Mahender Kumar Agarwal (Joint Managing Director) and Daughter-in-law of Sri Vithaldas Agarwal, Managing Director of the company. |

e) Number of shares and convertible Instruments held by Non-executive Directors:

| S. No | Name of the Director | Number of shares | Number of convertible instruments |
|-------|--------------------------|------------------|-----------------------------------|
| 1 | Sri R Surender Reddy | 3600 | - |
| 2 | Sri K R Suresh Reddy | - | - |
| 3 | Sri R S Agarwal* | - | - |
| 4 | Sri K Lakshmikanth Reddy | - | - |

* Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

f) Details of familiarization programmes imparted to independent Directors: www.suryalata.com
g) List of Board's skills/expertise/competencies fundamental for the effective functioning of the Company:

| | |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Global Business | Understanding the dynamics of global business relating to the operations of the Company. |
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. |
| Leadership | Experience in significant enterprise, distinct roles and responsibilities through organization structure, risk management and talent development and succession planning. |

h) Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management:

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

i) Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure:

Sri R.S. Agarwal, Independent Director of the Company resigned from the board w.e.f. February 15, 2019 due to his personal reasons before the completion of his tenure. Further the company has also received a confirmation from Sri R.S. Agarwal that there are no material reasons for his resignation.

3. AUDIT COMMITTEE

The Audit committee of the Board of directors was constituted inconformity with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

a) Brief description of terms of reference:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Scrutiny and review of all financial transactions, inter corporate loans, investments, funds utilization, related party transactions and the general financial condition of the Company;
- iii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of remuneration of auditors;
- iv. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- v. Reviewing, with the management, the periodic financial statements and auditor's report thereon before submission to the Board for approval;
- vi. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. To review the functioning of the Whistle Blower mechanism;
- ix. To review statement of deviations in reporting to monitoring agencies.

b) Composition, names of the members and Chairman:

In compliance with Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013, the Board of Directors of the Company has constituted an Audit Committee comprising of the following Non-Executive Independent Directors:

| S. No. | Name of the Member | Designation |
|--------|----------------------------|-------------|
| 1. | Sri R Surender Reddy | Chairman |
| 2. | Sri R S Agarwal* | Member |
| 3. | Sri K.R.Suresh Reddy | Member |
| 4. | Sri K.Lakshmikanth Reddy** | Member |

* Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

** Sri K. Lakshmikanth Reddy Appointed as Member of the Audit Committee w.e.f. March 29, 2019.

c) Meetings and Attendance during the year:

During the year 2018–19, Four Audit Committee meetings were held on May 19, 2018, August 13, 2018, November 5, 2018 and February 12, 2019. The attendance of each member of the Committee is given below:

| S.No. | Name | Number of Meetings attended |
|-------|----------------------------|-----------------------------|
| 1. | Sri R Surender Reddy | 4 |
| 2. | Sri R S Agarwal* | 4 |
| 3. | Sri K.R.Suresh Reddy | 4 |
| 4. | Sri K.Lakshmikanth Reddy** | NA |

* Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

** Sri K. Lakshmikanth Reddy Appointed as Member of the Audit Committee w.e.f. February 15, 2019.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration committee of the Board of directors was constituted in conformity with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above.

A. Brief description of terms of reference:

The functioning and terms of reference of the Nomination and Remuneration committee are as prescribed under the erstwhile listing agreement and the Listing Regulations. It determines the Company's policy on all elements of the remuneration packages of the directors including the executive directors. The role of the committee includes the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of directors a policy relating to, the remuneration of the directors, Key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent directors and the Board of directors;
- iii. Devising a policy on diversity of Board of directors;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board of directors for their appointment and removal;
- v. Performance evaluation of independent directors; and
- vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

B. Composition, names of the members and Chairman:

In compliance with Regulation 19 of SEBI (LODR) Regulations, 2015 and section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted Nomination and Remuneration Committee comprising of the following three Non-Executive Independent Directors:

| S. No | Name of the Member | Designation |
|-------|---------------------------|-------------|
| 1. | Sri K R Suresh Reddy | Chairman |
| 2. | Sri R S Agarwal * | Member |
| 3. | Sri K. Lakshmikanth Reddy | Member |
| 4. | Sri R.Surender Reddy** | Member |

*Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

**Sri R. Surender Reddy Appointed as Member of the Committee w.e.f. March 29, 2019.

All the members of the Committee are Non-Executive and Independent Directors.

C. Meetings and Attendance during the year

During the year 2018–19, Two Nomination and Remuneration Committee meetings was held on November 5, 2018 and February 12, 2019. The attendance of each member of the Committee is given below:

| S. No | Name of the Member | Attendance |
|-------|--------------------------|------------|
| 1 | Sri K R Suresh Reddy | 2 |
| 2 | Sri R S Agarwal | 2 |
| 3 | Sri K.Lakshmikanth Reddy | 2 |
| 4 | Sri R Surender Reddy** | NA |

*Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

**Sri R. Surender Reddy Appointed as Member of the Committee w.e.f. March 29, 2019.

D. Performance evaluation criteria:

The Company has devised a Policy for Performance Evaluation of Independent Directors, Board, Committees and other individual Directors. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Independent Directors are expected to provide an effective monitoring role and to provide help and advice for the executive directors. The broad issues considered in evaluating Independent Directors are:

- Contribution to and monitoring Corporate Governance practices.
- Ability to contribute to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of obligations and responsibilities.

Performance evaluation was done by the respective bodies on February 12, 2019.

5. REMUNERATION:

The Nomination and Remuneration Committee recommends to the Board, the Compensation of the Managing Directors and Executive Director of the Company keeping in view Company's financial status, past performance, past remuneration and future growth potential.

The remuneration of the Non-Executive Directors' of the Company is decided by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee. None of the Non-executive Directors of the Company is entitled to receive any payment from the Company other than by way of sitting fees for attending the Meetings of Boards and its Committees.

The pecuniary relationships/transactions of the Non-executive Directors are as follows:

| S. No | Name of the Director | Sitting fees Paid for board/ committee meetings | Equity Shares held |
|-------|---------------------------|-------------------------------------------------|--------------------|
| 1. | Sri R Surender Reddy | 38,000 | 3600 |
| 2. | Sri K R Suresh Reddy | 44,000 | 0 |
| 3. | Sri K. Lakshmikanth Reddy | 25,000 | 0 |
| 4. | Sri R S Agarwal* | 41,000 | 0 |

* Sri R. S. Agarwal resigned from the Board w.e.f. February 15, 2019.

Details of remuneration paid to Executive Directors:

A detail of remuneration paid to Managerial Persons of the Company during the year **2018-19** is given below:

| Fixed Component | | Commission payable as a % on Profit after Tax (₹) | Contribution to PF (₹) | Total (₹) |
|-------------------------------------------------------------|-----------------|---------------------------------------------------|------------------------|-----------|
| *Salary (including HRA) (₹) | Perquisites (₹) | | | |
| Sri Vithaldas Agarwal – Managing Director | | | | |
| 33,00,000 | Nil | - | Nil | 33,00,000 |
| Sri Mahender Kumar Agarwal – Joint Managing Director | | | | |
| 33,50,640 | 5,26,504 | - | 21,600 | 38,98,744 |
| Smt. Madhavi Agarwal – Whole-Time Director | | | | |
| 21,00,000 | 3,52,360 | - | 21,600 | 24,73,960 |
| Sri K.K. Sinha –Director (Operations)# | | | | |
| 22,26,291 | 2,34,340 | - | 21,600 | 24,82,231 |

#resigned from the board w.e.f. August 14, 2019.

The Nomination and Remuneration Policy of the Company can be accessed at the Company's website at the link www.suryalata.com

Notes:

- The Company has not issued any Stock options.
- There were no service contracts/Agreements with our Directors.
- None of our Directors is eligible for severance pay.
- The terms and conditions with regard to appointments Managing Directors and Executive Directors are contained in the respective resolutions passed by the Board or Members in their respective meetings. There are no severance fees

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is empowered, inter alia, to review all matters connected with the Company's share transfers and transmissions and redressal of shareholders/investors' complaints like non-transfer of shares, non-receipt of dividend, Annual Report etc.

The composition and the terms of reference of Committee are in line with the requirements of provisions of the Companies Act, 2013 and Regulation 20 of SEBI Listing Regulations.

A. Brief Description of the terms of reference:

The terms of reference of the Stakeholder Relationship Committee are extensive covering the mandatory requirements under Regulation 20(4) read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, which includes attending and resolving investors' grievances / complaints of security holders included but not limited to the matters pertaining to transfer of shares, issue of duplicate share certificates, non-receipt of annual report and non-receipt of declared dividend, etc.

B. Meetings:

During the year under review, Stakeholder Relationship Committee met once on February 12, 2019

C. Composition & attendance in committee meeting(s):

The Stakeholders Relationship Committee consists of One Non-Executive Independent Directors and Two Executive Directors of the Company. The Company Secretary is the Compliance Officer of the Company and is responsible for attending to complaints / grievances of the members.

Stakeholders Relationship Committee met one-time during the year on February 12, 2019 and all the members are present at the committee. The Committee is chaired by Sri K R Suresh Reddy, Non-Executive Independent Director of the Company, Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing Director.

The status of the shareholders complaints is as follows:

| | | |
|---|------------------------------------------------------------------------------------|-----|
| 1 | Number of Shareholders complaints received so far | 7 |
| 2 | Number of Shareholders complaints not resolved to the satisfaction of shareholders | Nil |
| 3 | Number of pending complaints | Nil |

7. GENERAL BODY MEETINGS

A. Location, date and time for last three Annual General meetings are:

| Financial Year | Date | Venue | Time |
|----------------|--------------------|---------------------------------------------------------------------------------------|------------|
| 2017-18 | August 13, 2018 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 11.00 A.M. |
| 2016-17 | September 4, 2017 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 11.00 A.M. |
| 2015-16 | September 28, 2016 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016 | 10.30 A.M. |

B. Special Resolution passed in the previous three (3) Annual General Meetings (AGMs)

| Date | No. of Special Resolutions Passed | Particulars of the Special Resolution |
|--------------------|-----------------------------------|---------------------------------------|
| August 13, 2018 | Nil | Nil |
| September 4, 2017 | Nil | Nil |
| September 28, 2016 | 1 | Further issue of Share Capital |

C. Special Resolutions passed through Postal Ballot:

During the last three years, once the company has approached the shareholders through postal ballot. The details of the postal ballot are as follows:

Date of Postal Ballot Notice: February 12, 2019;

Voting period: February 25, 2019 to March 27, 2019

Date of declaration of result: March 28, 2019;

Date of approval: March 27, 2019

Resolution Type: Special Resolutions

| Name of the resolution | No. of votes polled | Votes cast in favor | | Votes cast against | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------|--------------------|------|
| | | No. of votes | % | No. of votes | % |
| To continue the appointment of Sri R. Surender Reddy as Independent Director for the remaining period of the current term and reappointment for a second term of 5 (Five) years | 3006961 | 3006606 | 99.99 | 283 | 0.01 |
| To continue the appointment of Sri Lakshmikanth Reddy Konda as Independent Director for the remaining period of the current term and reappointment for a second term of 5(Five) years | 3006961 | 3006608 | 99.99 | 281 | 0.01 |
| To re-appoint Sri Suresh Reddy Kethireddy as Independent Director for a second term of 5(Five) years | 3006761 | 3006408 | 99.99 | 281 | 0.01 |

Scrutinizer

Ajay Naga Chowdary Vemuri of VCAN & Associates, Practicing Company Secretaries, was appointed as the scrutinizer for carrying out the above postal ballot in a fair and transparent manner.

E-Voting

The company has availed the services of Karvy Fintech Private Limited for conducting the E-Voting.

Procedure for postal ballot:

The procedure for postal ballot will be as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies(Management and Administration) Rules, 2014.

8. MEANS OF COMMUNICATION
A. Quarterly Results:

The quarterly, half-yearly and annual results of the Company were normally published by the Company in the newspapers.

Annual reports with audited financial statements are sent to the shareholders through permitted mode.

B. Newspapers in which Quarterly results normally published:

The results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Nava Telangana (Telugu Daily, Hyderabad).

C. Website, where the results and other official news releases are displayed

The results are also displayed on the Company's website: www.suryalata.com

D. Whether it also displays official news releases:

Press releases made by the Company from time to time are also displayed on the Company's website.

9. General Shareholder Information

| | | |
|----|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. | Annual General Meeting Date Time Venue | 28-09-2019 10.45 A.M. Kamat Lingapur Hotel, 1-10-44/2, Chilkoti Gardens, Begumpet, Hyderabad – 500 016. |
| B. | Financial Calendar | 1 st April to 31 st March. |
| C. | Date of Book closure | September 21, 2019 to September 28, 2019 (Both days inclusive). |
| D. | Dividend Payment Date | Within 30 days from the date of Annual General meeting. |
| E. | Listing on Stock Exchanges | BSE Limited. Phiroze Jeejeebhoy Towers, Dalal street, Fort, Mumbai - 400 001. Scrip Code: 514138 |

The company has paid listing fees to the BSE for the year 2019-20.

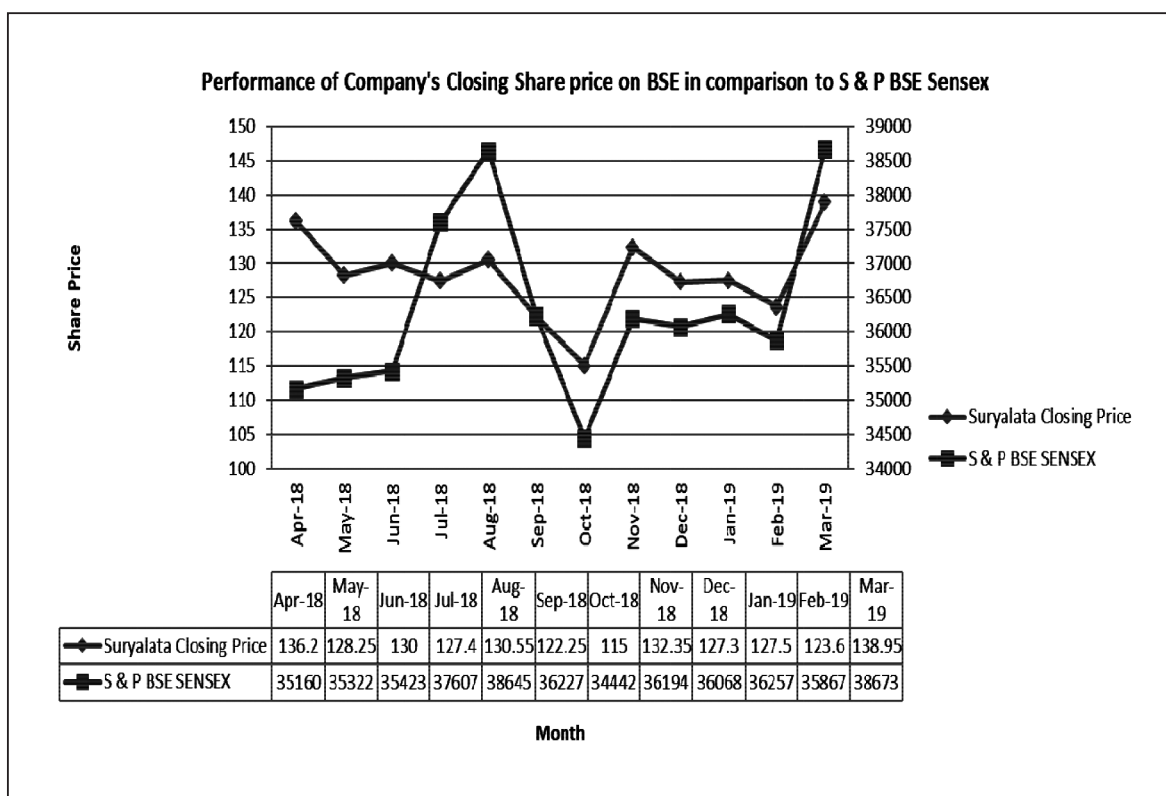
F. Market Price Data:

Monthly high and low quotations as well as the volume of shares traded at BSE for the financial year 2018-19 are as follows:

| Month | High Price (₹) | Low Price (₹) | Volume |
|----------|----------------|---------------|--------|
| Apr-2018 | 153.40 | 135.60 | 3759 |
| May-2018 | 142.40 | 120.55 | 8859 |
| Jun-2018 | 134.70 | 124.25 | 11461 |
| Jul-2018 | 133.00 | 123.25 | 13866 |
| Aug-2018 | 144.00 | 126.25 | 6445 |
| Sep-2018 | 137.90 | 122.25 | 6976 |
| Oct-2018 | 126.75 | 110.00 | 2595 |
| Nov-2018 | 145.00 | 112.25 | 21919 |
| Dec-2018 | 139.60 | 124.25 | 4933 |
| Jan-2019 | 133.70 | 127.25 | 4232 |
| Feb-2019 | 131.95 | 121.25 | 15611 |
| Mar-2019 | 145.85 | 122.70 | 15640 |

G. Stock Performance in Comparison to BSE Sensex

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex.



H. Registrar & Transfer Agents:

Karvy Fintech Private Limited
 Unit: Suryalata Spinning Mills Limited
 Karvy Selenium Tower - B,
 Plot No 31 & 32, Gachibowli, Financial District,
 Nanakramguda, Serilingampally Mandal,
 Hyderabad, Telangana - 500 032.
 Phone No: 040-6716 1606, 6716 1770
 E-Mail: einward.ris@karvy.com
 Website: www.karvyfintech.com

I. Share Transfer System:

Karvy Fintech Private Limited, Hyderabad, is the Company's Registrars and Share Transfer Agents. Share Transfers are registered and returned in the normal course within a period of less than 15 days from the date of receipt, if the documents are in order in all respects, in line with Schedule - VII to the Listing Regulations. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrars and Share Transfer Agents were delegated the power of share transfer to expedite the transfer formalities. It is in line with Schedule - VII of the LODR and Reg. 40 of the Listing Regulations.

J. Distribution schedule and shareholding pattern as on March 31, 2019.

| As on March 31, 2019 | | | | |
|-----------------------------|--------------|------------|-----------------|---------------|
| Range of Equity Shares Held | Shareholders | | Shareholding | |
| | Number | % | Number | % |
| 1 - 5000 | 2676 | 92.09 | 2513800 | 5.89 |
| 5001 - 10000 | 100 | 3.44 | 754330 | 1.77 |
| 10001 - 20000 | 58 | 2.00 | 840040 | 1.97 |
| 20001 - 30000 | 21 | 0.72 | 520240 | 1.22 |
| 30001 - 40000 | 11 | 0.38 | 386740 | 0.91 |
| 40001 - 50000 | 8 | 0.28 | 368430 | 0.86 |
| 50001 - 100000 | 9 | 0.31 | 603050 | 1.41 |
| 100001 & Above | 23 | 0.79 | 36683370 | 85.97 |
| Total | 2906 | 100 | 42670000 | 100.00 |

K. Dematerialization of Shares & Liquidity:

The Company's shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Registrar are confirmed within the statutory period.

International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE132C01027. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, Karvy Fintech Private Limited.

The Company's Registrars promptly intimate the DPs in the event of any deficiency and shareholders are also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate action initiated.

As on March 31 2019, 98.75 % of the shares were in demat mode.

L. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity:

We have no GDRs/ADRs or any commercial instrument.

M. Commodity price risk or foreign exchange risk and hedging activities:

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

N. Plant Locations:

- | | |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| i) Marchala Village, Kalwakurthy Mandal, Nagar Kurnool District Telangana Pin Code: 509 320. | ii) Urukondapet Village, Urukonda Mandal Nagar Kurnool District Telangana Pin Code: 509 320. |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

O. Address of Correspondence

Registrar and Share Transfer Agents:

Karvy Fintech Private Limited
Unit: Suryalata Spinning Mills Limited
Karvy Selenium Tower - B,
Plot No 31 & 32, Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad, Telangana - 500 032.
Phone No: 040-6716 1606, 6716 1770
E-Mail: einward.ris@karvy.com
Website: www.karvyfintech.com

Company

Secretarial Department
Suryalata Spinning Mills Limited
Surya Towers, 1st Floor, 105, Sardar Patel Road,
Secunderabad – 500 003. Telangana.
Phone No. : 040-27819908/27819909/27774200
Fax No. : 040-27846859.
E-mail : cs@suryalata.com

P. Credit Rating

India Ratings & Research has reaffirmed the credit rating for the Company as “**IND BBB**”.

IND A3+ for fund based, non- fund based working capital facilities and Forward cover facility.

10. DISCLOSURES

A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All material transactions entered into with related parties as defined under the Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit committee. The Board has approved a Policy for related party transactions which has been uploaded on the Company's Website at www.suryalata.com.

There have been no materially significant related party transactions between the Company and its Directors, the Management or relatives, except for those disclosed in the Board's report. Detailed information on significant related party transactions is enclosed as **Annexure - II** to the Board's report and the details of all Related Party Transactions during FY 2018-19 are given at note no.(o) to the Financial Statements.

B. Cases of Non-Compliances / Penalties

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. Hence, the question of imposition of penalties or strictures by SEBI or the Stock Exchange does not arise.

C. Vigil Mechanism

Information relating to Vigil mechanism has been provided in the Board's Report. The Vigil mechanism policy is available on the website of the Company.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company complied with all the mandatory requirements enumerated in Regulation 17 to 27 of the Listing Regulations, 2015 relating to all matters specified therein, i.e., (1) Board of directors; (2) Audit Committee; (3) Nomination and Remuneration Committee; (4) Remuneration of directors; (5) Stakeholders' Relationship Committee; (6) General Body Meetings; (7) Means of communication; (8) General shareholder information and (9) CEO and CFO Certification.

E. Web link where policy for determining 'material' subsidiaries is disclosed:

The company does not have any subsidiaries

F. Web link where policy on dealing with related party transactions:

The Board has formulated a policy for related party transactions and revised it in the light of Listing Regulations and including any statutory modification(s) and re-enactment(s) thereof subsequent amendments thereto which is available on the Company's website under the web link: <http://www.suryalata.com/policy.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 the same are not applicable to the Company.

H. Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) : Not applicable

I. A certificate from the company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been enclosed separately to this report.

J. Whether the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year : No

K. Total fees for all services paid by the listed entity to the statutory auditor : ₹3,10,000 (Excluding cost audit.)

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

| | |
|--------------------------------------------------------------|-----|
| Number of complaints filed during the financial year | Nil |
| Number of complaints disposed of during the financial year | Nil |
| Number of complaints pending as on end of the financial year | Nil |

11. Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) above, with reasons thereof:

All the above requirements are complied with.

12. The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

A. The Board:

The chairperson of the Board is a Non-Executive Independent Director.

B. Shareholders' rights:

All the quarterly financial results are placed on the Company's Website: www.suryalata.com apart from publishing the same in the Newspapers.

C. Modified opinion(s) in audit report:

There are no modified opinion(s) in the Audit Reports.

D. Reporting of internal auditor:

The Internal auditor reports to the Chairman of the Audit Committee directly.

13. 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 follows:

| Regulation | Particulars of Regulation | 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 | NA |
| 22 | Vigil mechanism | Yes |
| 23 | Related party transactions | Yes |
| 24 | Corporate Governance requirements with respect to Subsidiary of listed entity | Yes |
| 25 | Obligations with respect to Independent directors | Yes |
| 26 | Obligation with respect to Directors and Senior Management | Yes |
| 27 | Other Corporate Governance requirements | Yes |
| 46(2)(b) to (i) | Website | Yes |

14. Unclaimed Dividend Amounts and Transfer to IEPF

The Company has transferred dividend amounts which remained unpaid or unclaimed for a period of seven years from the date of their transfer to unpaid dividend account, from time to time, on due dates to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 10 September 2018 (date of last Annual General Meeting) on the website of the Company, and on the website of the Ministry of Corporate Affairs.

During the year under review, the Company has credited ₹ 1,75,785/- (Rupees One Lakh Seventy-Five Thousand Seven Hundred and Eighty-Five Only) to the Investor Education and Protection (IEPF) pursuant to Section 125(1) of the Companies Act, 2013.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows:

| Year | Date of declaration of dividend | Amount outstanding as on March 31, 2019(₹) | Due for transfer to IEPF on |
|---------|---------------------------------|--------------------------------------------|-----------------------------|
| 2011-12 | September 12, 2012 | 89,604 | September 11, 2019 |
| 2012-13 | August 10, 2013 | 99,868 | August 9, 2020 |
| 2013-14 | August 6, 2014 | 1,01,174 | August 6, 2021 |
| 2014-15 | September 21, 2015 | 1,25,151 | September 20, 2022 |
| 2015-16 | September 28, 2016 | 1,21,900 | September 27, 2023 |
| 2016-17 | September 4, 2017 | 1,06,655 | September 3, 2024 |
| 2017-18 | August 13, 2018 | 69,234 | August 12, 2025 |

In accordance with the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shares

in respect of which dividend has not been paid or claimed for seven consecutive years or more, will be transferred to the demat account of IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority. Members are advised to visit the website of the company to ascertain the details of shares liable for transfer in the name of IEPF Authority.

Shareholders whose unclaimed dividend/ shares are transferred to the IEPF Authority can now claim their unclaimed dividend and shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.

Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:

Code of Conduct

The Company has in place a comprehensive Code of Conduct(the Code), pursuant to Regulation 17(5) of Listing Regulations,applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities.

The Code covers duties of independent directors and also gives guidance and support needed for ethical conduct of business and compliance of law. Further a policy on obligation of directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place.

A copy of the Code of Conduct has been placed on the Company's website (www.suryalata.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed.

Compliance certificate:

A compliance certificate under Regulation 17(8) of the Listing Regulations, signed by the Company's Managing Director and CFO is annexed to this Report.

Compliance certificate from auditors regarding compliance of conditions of corporate governance:

Compliance certificate from **VCAN & Associates, Practising Company Secretaries** regarding compliance of conditions of corporate governance pursuant to para E of Schedule - V to the Listing Regulations is enclosed separately to this Report.

**For and on behalf of the Board
For Suryalata Spinning Mills Limited**

Place: Secunderabad
Date : August 14, 2019

**Vithaldas Agarwal
Managing Director
DIN 00012774**

**Mahender Kumar Agarwal
Joint Managing Director
DIN 00012807**

**PRACTISING COMPANY SECRETARY CERTIFICATE ON
COMPLIANCE OF CORPORATE GOVERNANCE**

To

The Members of

Suryalata Spinning Mills Limited

Secunderabad.

We have examined the compliance of conditions of Corporate Governance by **Suryalata Spinning Mills Limited** for the year ended **March 31, 2019** as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as per the Listing Agreement entered into by the said Company with stock exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the said listing agreement/listing regulations.

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

**For VCAN & Associates
Practising Company Secretaries**

Place : Hyderabad

Date : August 14, 2019

Ajay Naga Chowdary Vemuri

M.No: A36089

C.P.No: 15460

**Certificate by the Chief Executive Officer (CEO) and
Chief Financial Officer (CFO)**

To
The Board of Director
Suryalata Spinning Mills Limited

We, Vithaldas Agarwal, Managing Director and K Nageswara Rao, CFO of Suryalata Spinning Mills Limited hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended March 31, 2019 and certify that to the best of our knowledge and belief;
 - i) These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the 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 in violation of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
 - i) Significant changes in the internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place: Secunderabad
Date : August 14, 2019

Vithaldas Agarwal
Managing Director
DIN 00012774

K Nageswara Rao
Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Suryalata Spinning Mills Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Suryalata Spinning Mills Limited bearing CIN: L18100TG1983PLC003962 and having registered office at Surya Towers, I Floor, 105, Sardar Patel Road, Secunderabad, Telangana-500003 in (here in after referred to as 'the Company'), and produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify as on date that, none of the Directors on the Board of the Company as stated below, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

| S. No. | Name of the Director | DIN |
|---------------|--------------------------------|------------|
| 1 | Sri Vithaldas Agarwal | 00012774 |
| 2 | Sri Mahender Kumar Agarwal | 00012807 |
| 3 | Sri Lakshmikanth Reddy Konda | 00016766 |
| 4 | Sri Suresh Reddy Kethireddy | 00074879 |
| 5 | Sri Surender Reddy Ramasahayam | 00083972 |
| 6 | Sri Kaushlendra Kumar Sinha# | 03383960 |
| 7 | Smt. Madhavi Agarwal | 06866592 |

#resigned from the board w.e.f. August 14, 2019.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on the basis of my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For VCAN & Associates
Practising Company Secretaries

Place: Hyderabad
Date: August 14, 2019

Ajay Naga Chowdary Vemuri
M.No: A36089
C.P.No: 15460

MANAGEMENT DISCUSSION AND ANALYSIS

Organisation Overview

Suryalata Spinning Mills Limited is one of the largest producers of Synthetic blended Yarns. The company produce 100% PSF, 100% VSF, Mélange, P/V blended yarns with counts ranging from 12s to 60s. The company is having two manufacturing units on Kalwakurthy and Urukondapet – Jadcherla Road, only an hour away from the Hyderabad International Airport and the distance between the units is 5 Kms. The Company had completed its Modernization cum Expansion project at Kalwakurthy Unit in the month of March, 2019 and thereby total installed capacity increased from 93,264 spindles to 1,15,248 spindles. Both the manufacturing units are reached to almost equivalent spindle capacities i.e Urukondapet unit has an installed capacity of 56,976 spindles and Kalwakurthy unit has an installed capacity of 58,272 spindles. The units are maintaining standard operational system and certification of “ISO 9001:2015”.

Economy Scenario:

India emerged as the sixth largest country in the world and retained its position as the fastest growing trillion-dollar economy. However, after growing 7.2% in FY2017-18, the country attracted more foreign inflows. India witnessed a 23 notch jump to reach the 77th position in the World Bank’s Ease of Doing Business rankings. The commencement of the US-China trade war opened a new opportunity for India. Inflation was pegged at 2.6% on an annual basis, one of the lowest in years and below the RBI’s medium term target of 4%. The Rupee rebounded after touching a low of Rs.74.45 to a dollar to close the financial year at Rs.69.44. The growth of India’s manufacturing sector to 8.3% from 5.7% in 2017-18 reflected a rebound from transitory shocks due to the currency exchange initiative and implementation of the GST, with strengthening investments and robust private consumption. India is expected to at 7.3% in FY 2019-20 benefitting from ongoing structural reforms.

Indian Textile/ Synthetic Industry:

The Indian Textile Industry holds a dominant position and maintaining its uniqueness and strength in both organized and unorganized sector. The size of the domestic textile industry US\$ 150 billion in FY 2018 is expected to reach US\$ 223 billion by FY 2021 on the back of a growing population, incomes, aspirations and urbanization. This is the second largest sector providing employment over 45 million people directly and 60 million people indirectly. The textile industry has two broad segments. First, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

Apart from abundant availability of raw materials such as cotton, wool, silk and jute, India enjoys a comparative advantage in terms of skilled manpower and its production

costs are more competitive compared to major textile producers in other countries.

Indian synthetic fiber yarns production grow to 5,680 million kilograms in FY18 from 4,712 million kilogram in FY11 at CAGR of 2.69%. The product of this industry includes polyester staple fiber, acrylic staple fiber and polypropylene staple fiber. The import of India synthetic fiber industry showed a mixed trend over the last five years. Further, the export of India synthetic fiber industry had grown by 50% during the same period. India is major exporting country as far as textile sector is concerned and not dependent on import.

Global Economy:

Global economy grew 3.7% in 2018 compared to 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Global growth is estimated at 3.5% in 2019 and 3.6% in 2020 on account of a sustained weakening in advanced economies.

Global apparel consumption was pegged at US\$ 1.8 trillion accounting for 2-3% of the Global GDP in 2017, the EU and the US accounted for 41% of the market share while India and China accounted for 16% of the market share while being home to 36% of the population. Apparel consumption is forecast to grow at a CAGR of 4% to reach US\$ 2.6 trillion by 2025. It is expected that the market growth rate of developed countries could slow whereas large emerging economies such as China and India would drive growth. (Source: Wazir Advisors, FICCI).

Government Initiatives:

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

The Textile Ministry earmarked Rs. 690 cr for setting up 21 ready made garment manufacturing units in seven states for the development and modernization of the Indian Textile Sector.

The Goods and Service Tax Council doubled the threshold limit of textiles players from Rs. 2.0 million to Rs.4.0 million from April 2019.

The Union Ministry of Textiles and Energy Efficiency Services Limited launched a technology up-gradation scheme called SAATHI for reviving the power loom sector.

The Government allocated Rs.2,163 cr for ROSL (Rebate of State Levies) which is expected to benefit exporters of made-ups and apparels.

Under the Union Budget 2018-19, Rs. 2,300 cr was allocated for the TUF Scheme. It is expected to create employment for 3.5 million people and enable investments worth Rs.950 billion by 2022.

The reduced income tax rate of 25% extended from Rs. 250 cr to Rs.400 cr for the reported turn over, will immensely benefit the micro, small and medium enterprises.

The Central Government proposed to contribute 12% of the wages of new employees in EPF for all the sectors for next 3 years and this is expected to boost hiring in the apparel segment and extend fixed term employment.

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

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

Opportunities & Threats:

Suryalata holding on hand opportunities to strengthen its position with

- a) Availability advanced technology equipment
- b) Experienced management team with exposure in textile industry.
- c) Good reputation in the market due to quality and timely supplies.
- d) Emphasis on quality of product nurtured across the company.
- e) The company has established strong presence in the market for several years.
- f) The business model is simple & needs minimum marketing requirement.
- g) India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc.,.

The Company estimates the Threats to Synthetic Industry such as

- a) Over specialization in cotton and significant changes in raw cotton prices effects to the synthetic spinning industry.
- b) Processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports.

- c) High power costs and long export lead times are eroding India's export competitiveness across the textile chain.
- d) Currency fluctuations are highly affecting the synthetic spinning industry.
- e) Profitability undermined by volatile raw material prices and rising wages
- f) Fierce competition weighing on margins and further stressed by e-commerce activities
- g) Changing consumer behavior (e.g. fast fashion) forcing T&C to become more flexible

Risks and Concerns:

Risks are integral part of the growth of a business. However, the Company frames the effective risk management which helps to mitigate the risks effectively and ensures business sustainability. Effective risk management comprises the,

- i) Standard policy to pass the cost increases with its premium quality positioning.
- ii) Consciously following with the up-keep of equipment and implementing the cost control methods,
- iii) Strengthen and widen the customer base with quality products and timely supplies.
- iv) Change into high count patterns which support high contributions and reduce the pressure on liquation of more volumes.

Internal Control Systems and their Adequacy:

The Company has a well established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent personnel. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of follow-up action required. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the laws and regulations that govern its business.

Review of Financial & Operational performance:

The Net turnover of your Company for the Financial Year 2018-19 was Rs. 39,111 Lakhs in comparison to Rs.33,412 Lakhs in the previous year. The production during the year was 25,152 MTS in comparison to 23,401 MTS in previous year.

Your Company has earned a Profit Before Tax of Rs. 2,322 Lakhs in comparison to Rs.1,240 Lakhs in the previous year. The Company earned a profit after tax of Rs.1,423 Lakhs in comparison to Rs.789 Lakhs in the previous year in spite of losses incurred by the Indian Textile Industries across the board.

Key Financial Ratios:

| | | |
|-------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------|
| Debtors / Turnover | Current year - 7.98 % (previous year 7.36%) | Increased due to more sales in the month of March, 2019. |
| Inventory/ Turnover | Current year - 5.76 % (previous year 5.13%) | Marginal increase due to increase of work in process and inputs for increased capacities. |
| Interest Coverage Ratio | Current year – 4.55 (previous year 2.89) | Increased due to capitalization of interest on New borrowings for Project done. |
| Debt / Equity Ratio | Current year – 1.48 (previous year 1.07) | Increased due to New borrowings for the Project of modernization cum expansion. |
| Operating Profit Margin | Current year – 8.58% (previous year 5.88%) | Increased with better Operations, cost controls and increased volumes. |
| Net Profit Margin | Current year – 3.66% (previous year 2.37%) | Increased with better Operations, cost controls and increased volumes. |
| Return on Net worth | Current year – 12.42% (previous year 7.80%) | Increased with better Operations, cost controls and increased volumes. |

Human Resource Developments / Industrial Relations:

There were no material developments in the Human resources. The industrial relations were generally found satisfactory.

The Company firmly believes that Human Resource Development strategies and practices will continue to provide a sustained competitive advantage and will continuously work towards nurturing and enhancing a competitively superior position in terms of human capital, people processes and employees behavior.

During the period under review, the total number of people employed by the Company is 1,462 in addition to indirect employment created.

Corporate Social Responsibility

The company formulated CSR policy to touch and transform people's lives by promoting health care, education including special education among children and employment opportunities for women, providing malnutrition, sanitation and drinking water, animal welfare etc.,

During the year Suryalata has taken up initiative to educate Vedic students thru Vedic vidyalayam and animal welfare by maintaining Goshala etc.

Outlook:

Synthetic Yarn products are the most preferred yarns in the textile industry due to its unique features like lower

price and availability at uniform throughout the year. The future for the synthetic textile industry looks promising, buoyed by both strong domestic consumption as well as export demand in segments of apparel, home furnishing, automotive, filtration, personal care and hygiene applications.

Further, Government support to speed up the release of input tax credits, providing export incentive schemes, supporting with PF contributions to new workers, reduction in ESI contributions helps for cost reduction, training supports with stipend reimbursement etc mitigate to protect the textile industry to some extent.

Considering all these initiatives and supports, the company focuses to strengthen the financial position and to increase the volumes from the expanded capacities.

Cautionary Statement:

The statement and views expressed by the management in the above said report are on the basis of best judgment but the actual results might differ from whatever stated in the report. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in future. Readers are cautioned not to place undue reliance on these forward looking statements.

A graphic consisting of a light gray horizontal bar with a dark gray oval in the center. The words "Financial Statements" are written in white, bold, sans-serif font inside the oval. Two dark gray horizontal bars are positioned above and below the central oval, partially overlapping the light gray bar.

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SURYALATA SPINNING MILLS LIMITED,
SECUNDERABAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SURYALATA SPINNING 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.

| Key Audit Matters | Auditor's Response |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment</p> <p>During the year, the Company capitalised Rs. 8,290.13 lakhs as Property, plant and equipment installed towards modernisation cum expansion for its plant at Kalwakurthy Unit.</p> <p>Given the significance of the capital expenditure during the year, there is a risk that elements of costs that are ineligible for capitalisation in accordance with the recognition criteria provided in Indian Accounting Standard 16, Property, Plant and Equipment are capitalised.</p> <p>Refer Notes.1.5 to the Financial Statements.</p> | <p>Principal audit procedures</p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property Plant and Equipment. • Performed test of details with focus on those items that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in the Ind AS 16, Property, Plant and Equipment in this regard. • Reviewed the other costs tested during the course of our audit and debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalization. <p>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalised.</p> |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT (contd.)

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 identified above 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 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 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 skepticism 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.

INDEPENDENT AUDITOR'S REPORT (contd.)

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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B",
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act,
 - 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **K.S.RAO & CO.,**
Chartered Accountants
Firm's Regn No. 003109S

(V.VENKATESWARA RAO)
Partner
Membership No. 219209

Place : Hyderabad
Date : 29.05.2019

INDEPENDENT AUDITOR'S REPORT (contd.)

ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD, for the year ended March 31, 2019.,

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
 - c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at March 31, 2019 for a period 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, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
9. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Term loans availed were applied for the purposes for which those are raised.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule - V to the Act.

INDEPENDENT AUDITOR'S REPORT (contd.)

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **K.S.RAO & CO.,**
Chartered Accountants
Firm's Regn No. 003109S

(V.VENKATESWARA RAO)
Partner
Membership No.219209

Place : Hyderabad
Date : 29.05.2019

ANNEXURE – B TO THE AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of SURYALATA SPINNING MILLS LIMITED, SECUNDERABAD ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform

INDEPENDENT AUDITOR'S REPORT (contd.)

the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

for **K.S.RAO & CO.**,
Chartered Accountants
Firm's Regn No. 003109S

(V.VENKATESWARA RAO)
Partner
Membership No.219209

Place : Hyderabad
Date : 29.05.2019

BALANCE SHEET AS AT 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|----------------------------------------------------------------------------|----------|---------------------|---------------------|
| I. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, Plant and Equipment | 2(a) | 20,314.54 | 12,784.17 |
| (b) Capital work-in-progress | 2(b) | 35.82 | 1,345.81 |
| (c) Intangible Assets | 2(c) | 6.94 | 9.78 |
| (d) Financial Assets | | | |
| (i) loans | 3 | 3.81 | 1.08 |
| (ii) Other financial assets | 4 | 878.18 | 778.17 |
| Total Non-current assets | | 21,239.29 | 14,919.01 |
| 2. Current assets | | | |
| (a) Inventories | 5 | 2,470.29 | 1,852.97 |
| (b) Financial Assets | | | |
| (i) Investments | 6 | 0.24 | 0.26 |
| (ii) Trade receivables | 7 | 3,422.52 | 2,657.72 |
| (iii) Cash and cash equivalents | 8 | 33.49 | 29.34 |
| (iv) Others financial assets | 9 | 217.73 | 62.29 |
| (c) Other current assets | 10 | 1,311.04 | 1,517.31 |
| Total Current assets | | 7,455.31 | 6,119.89 |
| TOTAL ASSETS | | 28,694.60 | 21,038.90 |
| II. EQUITY AND LIABILITIES | | | |
| 1. Shareholder's funds | | | |
| (a) Equity Share capital | 11 | 426.70 | 426.70 |
| (b) Other Equity | 12 | 11,108.52 | 9,692.43 |
| Total Equity | | 11,535.22 | 10,119.13 |
| 2. Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | 7,917.00 | 1,988.28 |
| b) Deferred tax liabilities (Net) | | 2,119.83 | 1,755.53 |
| c) Other non-current liabilities | 14 | 331.12 | 367.90 |
| Total Non-current liabilities | | 10,367.95 | 4,111.71 |
| 3. Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 3,986.77 | 3,857.85 |
| (ii) Trade payables | 16 | | |
| Micro and small enterprises | | 141.24 | 157.79 |
| Other than micro and small enterprises | | 175.58 | 245.75 |
| (iii) Other financial liabilities | 17 | 1,681.35 | 1,866.66 |
| (b) Other current liabilities | 18 | 279.93 | 105.89 |
| (c) Provisions | 19 | 526.56 | 574.12 |
| Total Current liabilities | | 6,791.43 | 6,808.06 |
| Total liabilities | | 17,159.38 | 10,919.77 |
| TOTAL EQUITY AND LIABILITIES | | 28,694.60 | 21,038.90 |
| Significant Accounting policies and Key accounting adjustments & Judgments | 1-40 | | |

Per Our Report of even date
for **K S RAO & CO.**,
Chartered Accountants
Firm Regn. No. : 003109S

for and on behalf of the Board

V VENKATESWARA RAO
Partner
Membership No. 219209

Y. HARI PRIYA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place: Secunderabad
Date : 29th May, 2019

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts ₹ Lakhs)

| Particulars | Note No. | Current Year 31.03.2019 | Previous Year 31.03.2018 |
|----------------------------------------------------------------------------------|----------|----------------------------|-----------------------------|
| | | Rs. | Rs. |
| I. Revenue from operations | 20 | 38,823.17 | 33,156.95 |
| II. Other Income | 21 | 287.80 | 254.98 |
| III. Total Income (I + II) | | 39,110.97 | 33,411.93 |
| IV. EXPENSES | | | |
| Cost of Raw material Consumed | 22 | 26,557.89 | 21,694.67 |
| Changes in inventories of finished goods and work in Process | 23 | (523.01) | 573.25 |
| Employee benefits expense | 24 | 2,544.78 | 2,372.28 |
| Finance costs | 25 | 1,034.78 | 710.38 |
| Depreciation and amortization expense | 26 | 839.71 | 764.73 |
| Other expenses | 27 | 6,334.72 | 6,056.50 |
| Total expenses (IV) | | 36,788.87 | 32,171.81 |
| V. Profit before exceptional items and tax (III - IV) | | 2,322.10 | 1,240.12 |
| VI. Tax expense: | | | |
| a. Current Tax | | 535.00 | 400.00 |
| b. Deferred Tax | | 364.30 | 51.42 |
| Total Tax Expenses (VI) | | 899.30 | 451.42 |
| VII. Profit for the period (V - VI) | | 1,422.80 | 788.70 |
| VIII. Other Comprehensive income | 28 | | |
| i. Items that will not be reclassified subsequently to profit or loss | | 16.31 | 1.68 |
| ii. Income tax relating to items that will not be reclassified to profit or loss | | (5.70) | (0.58) |
| Total Other Comprehensive Income for the period (VIII) | | 10.61 | 1.10 |
| IX. Total Income for The Period (VII + VIII) | | 1,433.41 | 789.80 |
| X. Earnings per equity share (face value of ₹ 10/- each) | 29 | | |
| Basic and Diluted | | 33.34 | 18.48 |
| Significant Accounting policies and Key accounting adjustments & Judgments | 1-40 | | |

 Per Our Report of even date
 for **K S RAO & CO.,**
 Chartered Accountants
 Firm Regn. No. : 003109S

for and on behalf of the Board

V VENKATESWARA RAO
 Partner
 Membership No. 219209

Y. HARI PRIYA
 Company Secretary

VITHALDAS AGARWAL
 Managing Director

Place: Secunderabad
Date : 29th May, 2019

K NAGESWARA RAO
 Chief Financial Officer

MAHENDER KUMAR AGARWAL
 Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts ₹ Lakhs)

| PARTICULARS | Year Ended 31.03.2019 | Year Ended 31.03.2018 |
|---------------------------------------------------------------------------------|--------------------------|--------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax | 2,322.10 | 1,240.11 |
| Add : Depreciation | 839.71 | 764.74 |
| Finance Charges | 806.44 | 673.84 |
| Fair value (Profit)/Loss on Investments | 0.02 | 0.12 |
| Other Comprehensive Income/(Loss) | 16.32 | - |
| (Profit)/Loss on sale of Assets (net) | (4.14) | 7.80 |
| | <u>1,658.35</u> | <u>1,446.50</u> |
| | 3,980.45 | 2,686.61 |
| Less : Interest earned | 63.85 | 51.38 |
| Rent Received | - | 0.07 |
| Direct Taxes paid | 626.14 | 498.43 |
| | <u>689.99</u> | <u>549.88</u> |
| Operating Profit before working capital changes | 3,290.46 | 2,136.73 |
| Add : Decrease/(Increase) in Inventories | (617.32) | 293.51 |
| Decrease/(Increase) in Receivables | (764.79) | 380.64 |
| Decrease/(Increase) in Loans & Advances | (60.64) | (69.46) |
| (Decrease)/Increase in Non Current Liabilities | (36.79) | - |
| (Decrease)/Increase in Current Liabilities | 303.34 | (130.91) |
| | <u>(1,176.20)</u> | <u>473.78</u> |
| Net Cash flow from Operating activity (A) | 2,114.26 | 2,610.51 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| INFLOW: | | |
| Sale of Assets(net of taxes) | 30.55 | 55.56 |
| Interest Received | 59.70 | 47.80 |
| Rent Received | - | 0.07 |
| | 90.25 | 103.43 |
| OUTFLOW: | | |
| Acquisition of fixed assets including Capital Work in Progress | (7,083.67) | (1,181.23) |
| (Increase)/Decrease in Advance for Capital equipment | 33.29 | 436.70 |
| | <u>(7,050.38)</u> | <u>(744.53)</u> |
| Net Cash flow from Investing activity (B) | (6,960.13) | (641.10) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| INFLOW: | | |
| Term Loans Received | 6,554.43 | 300.55 |
| Hire Purchase Loans Received | 94.50 | - |
| Unsecured Loans received | 35.00 | 92.50 |
| Increase/(decrease) in Bank Borrowings | 93.92 | (105.47) |
| | 6,777.85 | 287.58 |
| OUTFLOW: | | |
| Repayment of Term loans | 1,059.95 | 1,471.36 |
| Dividends Paid | 18.97 | 18.97 |
| Repayment of Hire Purchase loans | 17.80 | 17.01 |
| Repayment of sales tax loans | 86.88 | 90.85 |
| Interest Paid | 744.23 | 684.45 |
| | <u>1,927.83</u> | <u>2,282.64</u> |
| Net Cash flow from financing activities (C) | 4,850.02 | (1,995.06) |
| Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C) | 4.15 | (25.65) |
| Add: Cash/Cash equivalents at the beginning of the year | 29.34 | 54.99 |
| Cash/Cash equivalents at the end of the year | 33.49 | 29.34 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Notes :

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind-AS) - 7 on Statement of Cash flow.
- 2 Previous year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.
- 3 Cash and Cash equivalents comprises of :

| S. No. Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---------------------------------------------------------|-------------------------|-------------------------|
| A. Cash on Hand | 4.57 | 4.52 |
| B. Balances in bank a/c's | | |
| a. Current Accounts | 21.77 | 16.60 |
| b. Ear marked balance with Banks - Unpaid dividends | 7.14 | 8.21 |
| C. With Post Office Savings Bank | 0.01 | 0.01 |
| Cash and Cash equivalents in Cash Flow Statement | 33.49 | 29.34 |

Per Our Report of even date
for **K S RAO & CO.,**
Chartered Accountants
Firm Regn. No. : 003109S

for and on behalf of the Board

V VENKATESWARA RAO
Partner
Membership No. 219209

Y. HARI PRIYA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place: Secunderabad
Date : 29th May, 2019

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**CORPORATE INFORMATION**

Suryalata Spinning Mills Limited (the “Company”) is a public limited company incorporated on May 23rd, 1983 and as its Registered office at 105, S P Road, Surya Towers, 1st Floor, Secunderabad, Telangana State. The Company is engaged in producing the best quality of Synthetic Yarns like 100% Polyester(PSF) Yarns, 100% Viscose (VSF)Yarns, PSF &VSF Blended Yarns and Value Added Yarns suitable for suiting’s, shirting’s and knitting. The Company has established in the domestic market as well as in the international market and sells its products through the multiple channels. The Company is listed on Bombay Stock Exchange.

The financial statements of the company for the year ended March 31st, 2019 are approved for issue by the Company’s Board of Directors on May 29th, 2019.

SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS.

1. Significant Accounting Policies:

(1.1) Statement of Compliance:

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under section 133 of the Companies Act 2013, amendments there to and other relevant provisions of the Act.

(1.2) Basis of Preparation and Measurement:

These Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

The financial statements are presented in INR which is also the Company’s functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

(1.3) Classification of Assets and liabilities as Current and Non-current

The company has determined its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents. 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.

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

(1.4) Use of estimates & judgments:

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(1.5) Property, Plant and Equipment-Tangible Assets:

- i. Property, plant and equipment other than land are stated at cost less accumulated depreciation and impairment losses if any. Freehold land is carried at cost of acquisition. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Costs in nature of repairs and maintenance of equipment are recognized in the Statement of Profit and Loss as and when incurred.
- iv. Depreciation on Fixed Assets is provided on as certain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies act-2013 except the assets costing Rs.5,000 or less on which depreciation is charged @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**(1.6) Intangible Assets**

Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life as estimated by the management which is about 6 years for ERP software.

(1.7) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

(1.8) Inventory:

Inventories are valued at the lower of cost and net realizable value. The cost is determined on Weighted Average basis. Cost of finished goods and work-in-process include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, Stores, spares and packing materials are valued at cost on weighted average basis. Scrap is valued at Net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of necessary to make sale.

(1.9) Financial Instrument:

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

a. Financial Asset:**Initial recognition and measurement**

All financial instruments 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, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) A mortised Cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through other comprehensive income (FVTOCI)

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.

Financial Assets Measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 de-recognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Financial Assets at fair value through profit or 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.

De-recognition of Financial Assets

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.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the 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.

b. 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

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

All the financial liabilities of the company are subsequently measured at amortized cost using Effective Interest method.

De recognition of Financial Liabilities

A financial liability shall be derecognized when, and only when it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires.

(1.10) Government Grants:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss as a reduction from related expense.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(1.11) Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognised in the Statement of profit and loss.

(1.12) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(1.13) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured a regardless of when the payment made. The specific recognition criteria described below must also be met before revenue is recognized.

a. Sale of Products

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, the company no longer retain continuing managerial involvement to the degree usually associated with owner ship nor has effective control over the goods sold, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration that will be derived in the sale of goods.

Revenue from Sale of goods includes excise and other duties which the Company pays as a principal but excludes amounts collected on behalf of third parties i.e GST and Sales tax. Sale of goods in respect of export sales are recognized as and when the shipment of goods taken place.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. The effect on adoption of Ind-AS 115 was insignificant.

b. Recognition of Export benefits

Export benefits entitlements in respect of incentives schemes including Duty Drawback, Merchandise Export Incentive Scheme (MEIS), FMS and FPS of the Government of India are recognized in the year in which Export Sales are accounted for.

c. Interest Income

Interest on deposits with government departments and financial institutions are recognized in statement of profit and loss when the right to receive/receivable during the period.

(1.14) Taxes on Income**Tax expense comprises of current and deferred tax**

- a. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- b. Deferred tax is recognised 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. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.
- c. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as “MAT Credit Entitlement”.

(1.15) Dividend Distribution

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

(1.16) Employee Benefits

Short-term employee benefits are expensed as there lated service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

a. Defined Contribution plans

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

b. Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss.

(1.17) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at there porting date, taking into account the risks and uncertain ties-surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

(1.18) 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.

(1.19) Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

(1.20) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**(1.21) 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.

(1.22) Cash flow statement

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

(1.23) Segment Reporting

The operations of the company are related to one segment i.e. spinning in textiles.

(1.24) Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

(1.25) Recent Accounting Pronouncements.**Ind AS 116-Leases:**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable from 01st April, 2019.

This amendment will come into force from April 1, 2019. The company has evaluated the effect of this on the financial statements and the impact is NIL as the company does not have any lease contracts.

(1.26) Critical Accounting Estimates and Judgments

The preparation of financial statements is in conformity with generally Accepted Accounting Principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are –

- Estimates of Useful life of Property, plant and equipment and intangibles
- Measurement of defined benefit obligation
- Recognition of deferred taxes
- Estimation of impairment
- Estimation of provision and contingent liabilities

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note No. 2 (a) : Property, Plant and Equipment (All amounts ₹ Lakhs)

| Sl. No. | Particulars | Gross Block | | | Depreciation | | | Net Block | | | |
|---------|-----------------------------|------------------|---------------------------|----------------------------|------------------|-----------------|---------------|----------------------------|-----------------|------------------|------------------|
| | | As at 01.04.2018 | Additions during the year | Deductions during the year | As at 31.03.2019 | Upto 01.04.2018 | For the Year | Deductions during the year | Upto 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| 1 | Land (Freehold) | 198.15 | - | - | 198.15 | - | - | - | - | 198.15 | 198.15 |
| 2 | Buildings | | | | | | | | | | |
| - | Factory Buildings | 3,194.19 | 1,312.92 | 69.39 | 4,437.72 | 990.47 | 106.32 | 69.39 | 1,027.40 | 3,410.32 | 2,203.72 |
| - | Non Factory Buildings | 1,521.34 | 1.76 | - | 1,523.10 | 199.49 | 25.36 | - | 224.85 | 1,298.25 | 1,321.85 |
| 3 | Plant and Equipment | | | | | | | | | | |
| - | Plant & Machinery | 14,616.77 | 6,310.28 | 515.04 | 20,412.01 | 6,204.63 | 573.40 | 504.93 | 6,273.10 | 14,138.91 | 8,412.14 |
| - | Workshop Equipment | 24.84 | 32.14 | 4.94 | 52.04 | 17.84 | 1.73 | 4.94 | 14.63 | 37.41 | 7.00 |
| - | Testing Equipment | 89.75 | - | 6.24 | 83.51 | 86.39 | 2.51 | 6.24 | 82.66 | 0.85 | 3.36 |
| - | Electrical Installations | 975.50 | 400.66 | 86.07 | 1,290.09 | 754.34 | 56.31 | 86.07 | 724.58 | 565.51 | 221.16 |
| - | Weighing Machinery | 13.69 | - | 0.67 | 13.02 | 11.63 | 0.35 | 0.68 | 11.30 | 1.72 | 2.06 |
| - | Water Works | 27.57 | - | 2.06 | 25.51 | 16.23 | 3.21 | 2.05 | 17.39 | 8.12 | 11.34 |
| 4 | Furniture & Fixtures | 117.81 | - | - | 117.81 | 75.16 | 9.62 | - | 84.78 | 33.03 | 42.65 |
| 5 | Office Equipment | 79.51 | 5.54 | 0.82 | 84.23 | 73.98 | 3.92 | 0.82 | 77.08 | 7.15 | 5.53 |
| 6 | Vehicles | 234.19 | 103.52 | 98.56 | 239.15 | 171.98 | 21.56 | 85.10 | 108.44 | 130.71 | 62.21 |
| 7 | Data Processing Equipment | 68.93 | 1.73 | 16.13 | 54.53 | 63.16 | 2.10 | 16.13 | 49.13 | 5.40 | 5.77 |
| 8 | Material Handling Equipment | 443.24 | 225.10 | 13.87 | 654.47 | 156.01 | 30.48 | 11.03 | 175.46 | 479.01 | 287.23 |
| | Total | 21,605.48 | 8,393.65 | 813.79 | 29,185.34 | 8,821.31 | 836.87 | 787.38 | 8,870.80 | 20,314.54 | 12,784.17 |

Note No. 2 (b) : Capital work-in-progress

| | | | | | | | | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|--------------|---|---|---|---|--------------|-----------------|
| 1 | Machinery work-in-progress | 193.76 | 6,742.29 | 6,936.04 | - | - | - | - | - | - | 193.76 |
| 2 | Civil work-in-progress | 1,152.05 | 198.45 | 1,314.68 | 35.82 | - | - | - | - | 35.82 | 1,152.05 |
| | Total | 1,345.81 | 6,940.74 | 8,250.72 | 35.82 | - | - | - | - | 35.82 | 1,345.81 |

Note No. 2 (c) : Intangible Assets

| | | | | | | | | | | | |
|---|------------------------------|------------------|------------------|-----------------|------------------|-----------------|---------------|---------------|-----------------|------------------|------------------|
| 1 | Computer Software | 14.19 | - | - | 14.19 | 4.41 | 2.84 | - | 7.25 | 6.94 | 9.78 |
| | Total | 14.19 | - | - | 14.19 | 4.41 | 2.84 | - | 7.25 | 6.94 | 9.78 |
| | Total (a+b+c) | 22,965.48 | 15,334.39 | 9,064.51 | 29,235.35 | 8,825.72 | 839.71 | 787.38 | 8,878.05 | 20,357.30 | 14,139.76 |
| | Previous Year 2017-18 | 22,325.00 | 1,612.47 | 971.99 | 22,965.48 | 8,532.25 | 764.74 | 471.27 | 8,825.72 | 14,139.76 | 13,792.75 |

1) Intangible Assets are not internally generated

2) The amortization expense of intangible assets have been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|----------|------------------------------------------------------------------------|---------------------|---------------------|
| | Financial Assets | | |
| 3 | Loans : | | |
| | a. Staff loans | 3.81 | 1.08 |
| | Total | 3.81 | 1.08 |
| 4 | Other financial assets - Non Current: | | |
| | a. Security deposits recoverable (Telephone, TSSPDCL & Other Deposits) | 838.36 | 745.32 |
| | b. Fixed deposits with Banks (Margin Money) | 39.82 | 32.85 |
| | Total | 878.18 | 778.17 |
| 5 | INVENTORIES : | | |
| | (As certified by the management) | | |
| | A. Raw Materials | 910.68 | 876.20 |
| | (Valued at lower of cost or net realisable value basis) | | |
| | B. Finished Goods (including consignment stocks) | 870.68 | 465.87 |
| | (Valued at lower of cost or net realisable value basis) | | |
| | C. Stores & Spares | 286.50 | 226.67 |
| | (Valued at cost on weighted average basis) | | |
| | Stocks-in-process | | |
| | D. (Valued at cost) | 401.67 | 283.57 |
| | E. Others - 'PV & PSF Waste (at realisable value) | 0.76 | 0.66 |
| | Total | 2,470.29 | 1,852.97 |
| 6 | Investments - Current: | | |
| | At Cost Unquoted - Non traded | | |
| | National Saving Certificate | 0.01 | 0.01 |
| | Investment in Equity Instruments | | |
| | At Cost - Quoted - Traded | | |
| | 800 Equity Shares in UCO Bank of Rs.10/-, with Premium 2/-, each | 0.15 | 0.17 |
| | At Cost Unquoted - Non traded | | |
| | 999 Equity Shares in YP Solar P Ltd of Rs.10/- each | 0.08 | 0.08 |
| | Total | 0.24 | 0.26 |
| 7 | TRADE RECEIVABLES : | | |
| | A. Secured, considered good | - | - |
| | Unsecured, considered good | | |
| | a. Related Parties | - | - |
| | b. Others | 3,422.52 | 2,657.72 |
| | Trade Receivables which have significant increase in credit risk | - | - |
| | Trade Receivables - credit impaired | - | - |
| | Total | 3,422.52 | 2,657.72 |
| 8 | Cash and cash equivalents: | | |
| | A. Cash on Hand | 4.57 | 4.52 |
| | B. Balances in bank a/c's | | |
| | a. Current Accounts | 21.77 | 16.60 |
| | b. Ear marked balance with Banks - Unpaid dividends | 7.14 | 8.21 |
| | C. With Post Office Savings Bank | 0.01 | 0.01 |
| | Total | 33.49 | 29.34 |

* Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|-----------|--------------------------------------------------------------------------------------------------|-------------------------|---------------------------|
| 9 | Other financial assets - Current: | | |
| | a. Advances to Staff & Workers | 11.18 | 9.89 |
| | b. Interest receivable | 56.55 | 52.40 |
| | c. Fixed deposits with Banks (Maturity with in the year) | 150.00 | - |
| | Total | 217.73 | 62.29 |
| 10 | Other Current Assets: | | |
| | a. Advances for Capital Works | 59.34 | 79.07 |
| | b. Advances for Suppliers & Expenses | 132.74 | 65.36 |
| | c. Prepaid Expenses | 27.27 | 23.66 |
| | d. Export Benefit entitlement Receivable | 63.93 | 74.02 |
| | e. GST benefit entitlement | 414.99 | 350.53 |
| | f. Tax Deducted at Source | 21.81 | 14.96 |
| | g. TUF Rebate receivable from Banks | 23.01 | 189.41 |
| | h. State Incentive Receivables | 567.95 | 567.95 |
| | i. GST Refund Receivable | - | 152.35 |
| | Total | 1,311.04 | 1,517.31 |
| 11 | Equity Share Capital: | | |
| | A. Authorised Share Capital: | | |
| | (i) 90,00,000 Equity Shares of Rs. 10/- each | 900.00 | 900.00 |
| | (ii) 8,00,000 preference share of Rs. 100/- each | 800.00 | 800.00 |
| | | 1,700.00 | 1,700.00 |
| | B. Issue Share Capital: | | |
| | (i) 42,67,000 Equity shares of Rs. 10/- each | 426.70 | 426.70 |
| | (ii) 1,50,000 7% Cumulative Redeemable Pref shares of Rs. 100/- each | 150.00 | 150.00 |
| | (iii) 3,85,000 8% Cumulative Redeemable Pref shares of Rs. 100/- each | 385.00 | 385.00 |
| | | 961.70 | 961.70 |
| | C. Reconciliation of the shares outstanding at the beginning and at the end of year: | | |
| | Particulars | In no. of Shares | In value of Shares |
| (a) | Equity Share Capital At the Beginning and at the end of the period | 4,267,000 | 426.70 |
| (b) | Preference Share Capital | | |
| | (i) 7% Cumulative Redeemable Preference Shares At the Beginning and at the end of the period | 150,000 | 150.00 |
| | (ii) 8% Cumulative Redeemable Preference Shares At the Beginning and at the end of the period | 385,000 | 385.00 |
| | D. Subscribed and paid up capital: | | |
| | (i) 42,67,000 Equity shares of Rs 10/- each | 426.70 | 426.70 |
| | Add: Forfeited Shares | - | - |
| | | 426.70 | 426.70 |
| | E. Details of Shareholders holding more than 5% shares in the company: | | |
| (A) | Equity Shares: | | |
| | a. Vithaldas Agarwal - No of shares held | 8,18,844 | 8,18,844 |
| | - In % of total shares of the company | 19.19% | 19.19% |
| | b. Mahender Kumar Agarwal - No of shares held | 12,47,133 | 12,47,133 |
| | - In % of total shares of the company | 29.23% | 29.23% |
| | c. Madhavi Agarwal - No of shares held | 7,45,291 | 7,45,291 |
| | - In % of total shares of the company | 17.47% | 17.47% |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
F. Rights preferences and restrictions attached to the ordinary Shares

The Company has only one class of equity shares having at par value of Rs .10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees, the dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|-----------|---------------------------------------------------|---------------------|---------------------|
| 12 | RESERVES AND SURPLUS : | | |
| | A. Securities Premium | | |
| | At the commencement of the year | 1,288.20 | 1,288.20 |
| | Closing Balance | 1,288.20 | 1,288.20 |
| | B. Capital Redemption Reserve | | |
| | At the commencement of the year | 1,057.36 | 1,057.36 |
| | Closing Balance | 1,057.36 | 1,057.36 |
| | C. Preference Capital Redemption Reserve | | |
| | At the commencement of the year | 535.00 | 535.00 |
| | Closing Balance | 535.00 | 535.00 |
| | D. General Reserve | | |
| | At the commencement of the year | 5,910.00 | 5,110.00 |
| | Add: Transfer from Surplus | 1,090.00 | 800.00 |
| | Closing Balance | 7,000.00 | 5,910.00 |
| | E. Surplus in Statement of Profit and Loss | | |
| | At the beginning of the period | 887.75 | 921.89 |
| | (+) For the current year | 1,422.80 | 788.70 |
| | (-) Dividend on Equity Shares | 18.97 | 18.97 |
| | (-) Corporate Dividend Tax | 3.86 | 3.86 |
| | (-) Transfer to General Reserve | 1,090.00 | 800.00 |
| | Towards other comprehensive income | 0.97 | (15.16) |
| | Equity portion of Preference Shares | 29.27 | 29.27 |
| | At the end of the period | 1,227.96 | 901.87 |
| | Total | 11,108.52 | 9,692.43 |

Measurement of OCI

The OCI represents the re-measurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The re-measurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|-----------|-------------------------------------------------------------|---------------------|---------------------|
| 13 | Borrowings - Non Current : | | |
| | A. Preference shares-unsecured | | |
| | 7% Cumulative Redeemable Preference shares of Rs.100/- each | 142.48 | 139.12 |
| | 8% Cumulative Redeemable Preference shares of Rs.100/- each | 385.00 | 385.00 |
| | Sub total | 527.48 | 524.12 |
| | B. Term loans-Secured from Banks : | | |
| | a. IDBI Bank Ltd. | | |
| | (i) Term Loan - URKD (TFO) | 26.14 | 152.17 |
| | less: Current maturities | 26.14 | 126.16 |
| | Sub total | - | 26.01 |
| | (ii) Term Loan - URKD (Expn-2) | - | 300.00 |
| | less: Current maturities | - | 300.00 |
| | Sub total | - | - |
| | (iii) WC TL - URKD (Expn-2) - Non TUF | - | 25.00 |
| | less: Current maturities | - | 25.00 |
| | Sub total | - | - |
| | (iv) Term Loan - URKD | 448.55 | 647.02 |
| | less: Current maturities | 200.00 | 200.00 |
| | Sub total | 248.55 | 447.02 |
| | (v) Term Loan - KKY (Expn) | 3,482.94 | - |
| | less: Current maturities | - | - |
| | Sub total | 3,482.94 | - |
| | b. State Bank of India | | |
| | (i) Term Loan - URKD (Expn-2) | - | 59.91 |
| | less: Current maturities | - | 59.91 |
| | Sub total | - | - |
| | (ii) FCNB(C&I)\$ TL-SBI-1000L - Non TUF | 205.95 | 394.40 |
| | less: Current maturities | 205.95 | 200.00 |
| | Sub total | - | 194.40 |
| | c. Indusind Bank Ltd. | | |
| | i) Term Loan - 3000L- KKY (Expn) | 2,973.95 | - |
| | less: Current maturities | - | - |
| | Sub total | 2,973.95 | - |
| | d. The South Indian Bank Ltd. | | |
| | i) Term Loan - 360L- URKD | 226.19 | 290.56 |
| | less: Current maturities | 120.00 | 120.00 |
| | Sub total | 106.19 | 170.56 |
| | TOTAL | 6,811.63 | 837.99 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | As at 31.03.2019 | As at 31.03.2018 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------|---------------------|------------------------|
| Details of security for Term loans | | | | |
| Loans referred in (a) (b) and (c) are secured by pari passu first charge on all movable and immovable properties of the Company present and future. Loan referred in (d) are secured by exclusive charge on assets acquired against the drawal of loan. These loans are further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the company. | | | | |
| Terms of Repayment: | | | | |
| | Particulars | Sanction Date | Rate of Interest | Quarterly Installments |
| A) | IDBI Bank Ltd. | | | |
| | i) Term Loan (under TUFs) - URKD (TFO) | 10.03.2010 | 13.10% | 1 |
| | ii) Term Loan (under TUFs) - URKD | 04.08.2014 | 12.50% | 9 |
| | iii) Term Loan - KKY | 13.05.2016 | 10.20% | 20 |
| B) | SBI - FCNB(C&I)\$ TL-1000L | 27.11.2014 | 5.85% | 4 |
| C) | The South Indian Bank Ltd. -URKD-360L | 15.07.2017 | 11.65% | 8 |
| D) | IndusInd Bank Ltd. Term Loan -KKY- 3000L | 13.12.2016 | 10.25% | 20 |
| C. Other loans and advances | | | | |
| | Vehicles Hire Purchase Loans | | 77.99 | 18.62 |
| | TOTAL | | 77.99 | 18.62 |
| NOTE: Vehicle loans above are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the Company. | | | | |
| D. Unsecured loans | | | | |
| | - Loans from related parties | | 5.11 | 5.11 |
| | Inter-Corporate Deposits | | 5.11 | 5.11 |
| | TOTAL | | 5.11 | 5.11 |
| E. Deferred Payment Liabilities | | | | |
| | -Sales Tax Deferment | | 494.79 | 602.44 |
| | TOTAL | | 494.79 | 602.44 |
| | GRAND TOTAL (A+B+C+D+E) | | 7,917.00 | 1,988.28 |
| 14 | Other non-current liabilities | | | |
| | Deferred Government Grant | | 331.12 | 367.90 |
| | | | 331.12 | 367.90 |
| 15 | Short term borrowings repayable on demand: | | | |
| | Secured | | | |
| | a. Loans repayable on demand from banks * | | | |
| | (i) State Bank of India | | | |
| | Cash Credit | | 3,234.62 | 3,071.78 |
| | (ii) IDBI Bank Ltd | | | |
| | Cash Credit | | 279.14 | 348.06 |
| | SUB TOTAL | | 3,513.76 | 3,419.84 |
| NOTE: * Working Capital loans from bank referred to in (a) above are secured by hypothecation of stock in trade, raw materials, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter directors of the Company. | | | | |
| | b. Unsecured | | | |
| | i) Loans from Directors | | 473.01 | 438.01 |
| | SUB TOTAL | | 473.01 | 438.01 |
| | TOTAL (a+b) | | 3,986.77 | 3,857.85 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | Year ended 31.03.2019 | Year ended 31.03.2018 |
|-----------|------------------------------------------------|--------------------------|--------------------------|
| 16 | Trade Payables - Current: | | |
| | Micro and small enterprises | 141.24 | 157.79 |
| | Other than micro and small enterprises | 175.58 | 245.75 |
| | Total | 316.82 | 403.54 |
| 17 | Other Financial Liabilities - Current: | | |
| | A. Current maturities of long-term debt | | |
| | 1) IDBI Bank Ltd. | | |
| | a. Term Loan - URKD (TFO) | 26.14 | 126.16 |
| | b. Term Loan - URKD (Expn - 2) | - | 300.00 |
| | c. WCTL Loan - URKD (Expn-2) Non - TUF | - | 25.00 |
| | d. Rupee Term Loan - URKD | 200.00 | 200.00 |
| | 2) State Bank of India | | |
| | e. Term Loan - URKD (Expn - 2) | - | 59.90 |
| | f. FCNB(C&I)\$ TL-SBI-1000L - Non TUF | 205.95 | 200.00 |
| | 3) The South Indian Bank Ltd. | | |
| | g. Term Loan - URKD (Expn - 2) - Non TUF | 120.00 | 120.00 |
| | Vehicles Hire Purchase Loans | 24.94 | 7.60 |
| | Sales tax Loans (Deferment) | 176.57 | 86.88 |
| | Sub Total (A) | 753.60 | 1,125.54 |
| | B. Interest Accrued | 9.96 | 20.05 |
| | C. Dues to Others | 800.17 | 611.46 |
| | D. Unpaid Dividends | 7.13 | 8.21 |
| | E. Creditors for Capital purchases | 82.71 | 69.15 |
| | F. Creditors for Other expenses | 27.78 | 32.25 |
| | Total (A+B+C+D+E+F) | 1,681.35 | 1,866.66 |
| 18 | Other Current Liabilities: | | |
| | A. Advance from Customers | 238.63 | 64.59 |
| | B. Interest accrued on Preference Shares | 41.30 | 41.30 |
| | | 279.93 | 105.89 |
| 19 | Provisions - Current: | | |
| | A. Provision for employee benefits | | |
| | a. Provision for Gratuity | 58.19 | 49.98 |
| | b. Salary & Reimbursements | 180.77 | 164.18 |
| | c. Contribution to PF & ESI | 17.36 | 16.66 |
| | d. Bonus Payable | 72.44 | 70.80 |
| | e. Leave Encashment | 44.60 | 38.87 |
| | B. Others (Specify Nature) | | |
| | CDT accrued on interest on Preference Shares | 8.41 | 8.41 |
| | Provisions for Income Tax (net) | 144.79 | 225.22 |
| | Total | 526.56 | 574.12 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | Year ended 31.03.2019 | Year ended 31.03.2018 |
|-----------|----------------------------------------------------------------------|--------------------------|--------------------------|
| 20 | Revenue from Operations: | | |
| | A. Sale of Products | | |
| | Yarn | 42,796.14 | 36,028.93 |
| | Waste / Scrap | 70.65 | 49.53 |
| | Total Sales : | 42,866.79 | 36,078.46 |
| | Less : GST | 4,043.62 | 2,921.51 |
| | Total | 38,823.17 | 33,156.95 |
| 21 | Other Income: | | |
| | a. Interest Income on | | |
| | i. Deposits with banks and TSSPDCL | 63.84 | 51.06 |
| | ii. Notional Interest on Employee loans | (0.20) | 0.33 |
| | b. Export Benefit entitlements | 163.83 | 192.42 |
| | c. Fair value Gain/(Loss) on Investments | (0.02) | (0.12) |
| | d. Credit Balances written back | 0.01 | - |
| | e. Profit on sale of Investments / Assets (Net) | 4.14 | - |
| | f. Net gain/loss on foreign currency transactions & translation | 19.40 | 11.20 |
| | g. Miscellaneous Income | 0.01 | 0.09 |
| | h. Government grant on Sales tax diferement loan | 36.79 | - |
| | Total | 287.80 | 254.98 |
| 22 | Cost of Materials Consumed | | |
| | Opening Stock | 876.20 | 624.68 |
| | Add: Purchases | 26,592.37 | 21,948.97 |
| | | 27,468.57 | 22,573.65 |
| | Less : Value of Raw materials sold | - | 2.78 |
| | Less: Closing Stock | 910.68 | 876.20 |
| | Total | 26,557.89 | 21,694.67 |
| 23 | Changes in inventories of Finished Goods, and work-in-process | | |
| | a. Inventory at the beginning of the period | 750.10 | 1,323.36 |
| | b. Inventory at the end of the period | 1,273.11 | 750.11 |
| | Total | (523.01) | 573.25 |
| 24 | Employee Benefits Expense | | |
| | a. Salaries, Wages and Bonus | 2,184.42 | 1,995.51 |
| | b. Contribution to Provident Fund | 134.14 | 138.81 |
| | c. Staff welfare expenses | 91.68 | 87.85 |
| | d. Gratuity | 58.03 | 79.70 |
| | e. Contribution to Employee State Insurance and EDLI | 76.51 | 70.41 |
| | Total | 2,544.78 | 2,372.28 |
| 25 | Finance Costs | | |
| | a. Interest on term loans | 296.50 | 223.09 |
| | b. Interest on others | 387.94 | 398.03 |
| | c. Interest on Preference Shares | 53.07 | 52.72 |
| | d. Interest on Sales tax diferement loan | 68.93 | - |
| | e. TUF Rebate Receivable written off | 168.87 | - |
| | f. Bank charges | 59.47 | 36.54 |
| | Total | 1,034.78 | 710.38 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts in ₹ Lakhs)

| Note No. | PARTICULARS | Year ended 31.03.2019 | Year ended 31.03.2018 |
|-----------|------------------------------------------------------------|--------------------------|--------------------------|
| 26 | Depreciation and amortisation expense: | | |
| a. | Depreciation on Property ,Plant and Equipment | 836.87 | 762.03 |
| b. | Amortisation of Intangible Assets | 2.84 | 2.70 |
| | Total | 839.71 | 764.73 |
| 27 | Other expenses: | | |
| a. | <u>Stores consumed:</u> | | |
| | Stores and Spares | 479.79 | 406.93 |
| | Packing Material | 431.83 | 398.52 |
| b. | <u>Power and Fuel</u> | | |
| | Electricity charges | 3,621.14 | 3,379.45 |
| c. | <u>Repairs to :</u> | | |
| | Buildings | 30.75 | 29.37 |
| | Machinery | 348.03 | 387.32 |
| | Others | 8.24 | 4.12 |
| d. | <u>Sales Expenses :</u> | | |
| | Sales Tax / GST on others | 12.54 | 171.18 |
| | Commission on Sales | 70.32 | 76.46 |
| | Freight & Others - Domestic Sales | 566.02 | 544.24 |
| | Freight & Others - Export Sales | 208.55 | 136.53 |
| e. | <u>Payments to Auditors</u> | | |
| | As Auditors | 1.75 | 1.25 |
| | for Tax Audit | 0.25 | 0.25 |
| | for Certification | 1.10 | 0.75 |
| | for Cost Auditors | 0.35 | 0.30 |
| f. | Rates and Taxes | 23.68 | 21.51 |
| g. | Printing and Stationery | 8.87 | 10.07 |
| h. | Postage, Telegrams and Telephones | 10.85 | 9.89 |
| i. | Traveling, Conveyance and Vehicle expenses | 110.49 | 84.32 |
| j. | Insurance | 20.50 | 22.85 |
| k. | Managerial Remuneration | 96.73 | 96.70 |
| l. | Directors sitting fees | 1.48 | 1.40 |
| m. | Professional charges | 23.96 | 21.24 |
| n. | Office Maintenance | 164.51 | 152.08 |
| o. | Miscellaneous expenses | 64.10 | 56.04 |
| p. | Corporate Social Responsibility | 28.10 | 33.45 |
| q. | Loss on sale of assets (Net) | - | 7.80 |
| r. | Donations | 0.79 | 2.48 |
| | Total | 6,334.72 | 6,056.50 |
| 28 | Other comprehensive income: | | |
| a. | Actuarial Gain/(Losses) on Gratuity Expense for the period | 16.32 | 1.68 |
| b. | Deferred Taxes on above | (5.70) | (0.58) |
| | Total | 10.62 | 1.10 |
| 29 | Earnings Per Equity Share: | | |
| a. | Total Income for the period | 1,422.80 | 788.70 |
| b. | Weighted average number of equity shares of Rs. 10/-each | 42.67 | 42.67 |
| | Earnings per equity share (Basic and Diluted) - (a) / (b) | 33.34 | 18.48 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note No 30
Reconciliation of tax expenses
Income tax

(All amounts in ₹ Lakhs)

| Particulars | As at | |
|-------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | March 31, 2019 | March 31, 2018 |
| Amount recognised in statement of profit & loss account | | |
| Current tax | 535.00 | 400.00 |
| MAT Credit entitlement | - | - |
| Deferred tax expenses (Income) - relating to organisation and reversal of temporary differences | 364.30 | 51.42 |
| Taxes expenses for the year | 899.30 | 451.42 |
| Reconciliation of effective tax rate | | |
| Profit before tax | 2,338.41 | 1,240.12 |
| Enacted tax in India - 34.944% | 817.13 | 429.18 |
| Expenses disallowed under income tax | 385.06 | 342.46 |
| Exempt income and other deductions | (946.48) | (375.05) |
| Other / MAT | 264.10 | 54.83 |
| | 519.82 | 451.42 |
| Effective tax rate | 22.23% | 36.40% |

Deferred tax liabilities (net)

(All amounts in ₹ Lakhs)

| Particulars | As at | |
|-----------------------------------------------------|-----------------|-----------------|
| | March 31, 2019 | March 31, 2018 |
| Property, Plant and Equipment | 2,108.24 | 1,738.24 |
| Other items including employee benefits, Fair value | 11.59 | 17.29 |
| Total | 2,119.83 | 1,755.53 |

Movement in deferred tax liabilities

| Particulars | Property, Plant and Equipment | Other Items | Total |
|---------------------------------------------------------|-------------------------------|--------------|-----------------|
| As at March 31, 2018 | 1,738.24 | 17.29 | 1,755.53 |
| Charged / (Credited) to Profit or loss (including OCI) | 370.00 | (5.70) | 364.30 |
| As at March 31, 2019 | 2,108.24 | 11.59 | 2,119.83 |

Note No 31
Fair Value Measurement Hierarchy

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:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 – Valuation techniques with observable inputs:

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
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.

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy as at March 31, 2019.

(All amounts in ₹ Lakhs)

| Particulars | Fair value hierarchy (Level) | As at | |
|---------------------------------------------------------|------------------------------|---------------|---------------|
| | | March 31 2019 | March 31 2018 |
| Financial Assets measured at FVTPL | | | |
| Investments | 1 | 0.24 | 0.26 |
| Financial Asset measured at amortised Cost | | | |
| Loans to employees | 3 | 3.81 | 1.08 |
| Security Deposits | 3 | 838.36 | 745.32 |
| Financial Liabilities measured at Amortised cost | | | |
| Deferred Sales tax liability | 3 | 1002.48 | 1057.22 |
| Term loans | 2 | 7363.72 | 1869.06 |
| Loans from related Parties | 3 | 5.11 | 5.11 |

Note No 32
Financial Risk Management

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

I. Market Risk

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

- a. Foreign Currency Risk** - Foreign Currency Risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to impact of raw materials and spare parts, capital expenditure, borrowings and exports of yarns. The company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the company's foreign currency denominated monetary items are as follows.

(All amounts in ₹ Lakhs)

| Year | SBI- FCNB TL | | Receivables | |
|----------------------|--------------|------|-------------|------|
| | INR | \$ | INR | \$ |
| As at March 31, 2018 | 395.97 | 6.09 | 257.92 | 3.97 |
| As at March 31, 2019 | 205.95 | 2.96 | 288.22 | 4.14 |

The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Sensitivity Analysis

Sensitivity analysis of 5% Change rate at the ending of the reporting period net of hedges.

(All amounts in ₹ Lakhs)

| Particulars | SBI- FCNB TL 31.03.19 | Receivables 31.03.19 |
|------------------------|--------------------------|-------------------------|
| USD Sensitivity | | |
| Increase by 5% (loss) | (10.30) | |
| Decrease by 5% gain | 10.30 | - |
| Increase by 5% gain | | 14.41 |
| Decrease by 5% (loss) | | (14.41) |

- b. Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's short term borrowing. The Company constantly monitors the credit markets and re-balances its financing strategies to achieve an optimal maturity profile and financing cost. Since all the borrowings are on floating rate, no significance risk of change in interest rate.
- c. Commodity Risk** – Commodity price risk arises due to fluctuation in raw material (fiber prices) linked to various external factors, which can affect the production cost of the Company. The Company actively manages inventory and in many cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

II. Credit Risk

Credit risk arises when a customer or counter party does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

III. Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

Note No 33
Forex Transactions

(All amounts in ₹ Lakhs)

| PARTICULARS | Year Ended 31.03.2019 | Year Ended 31.03.2018 |
|------------------------------------------------------------------|--------------------------|--------------------------|
| b. Expenditure in Foreign Currency during the year on account of | | |
| i) Commission on Export Sales | 32.17 | 44.62 |
| ii) Foreign Travel (Excluding tickets purchased in India) | 7.70 | Nil |
| | 39.87 | 44.62 |
| c. Value of Imports calculated on CIF basis in respect of : | | |
| i) Plant and Machinery - Imported (CIF Value) | 2,550.92 | Nil |
| ii) Raw materials (CIF Value) | Nil | Nil |
| iii) Stores and Spares (CIF Value) | 106.24 | 98.97 |
| | 2,657.16 | 98.97 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note No 34
Capital Management

The Company's objectives when managing capital are to

- i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- ii) Maintain an optimal capital structure to reduce the cost of capital

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

GEARING RATIO

(All amounts in ₹ Lakhs)

| Particulars | As at | |
|--------------------------------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| (a) Debt | 11,982.89 | 6,372.33 |
| (b) Cash and Cash Equivalents | 33.49 | 29.34 |
| (c) Net Debt (a) - (b) | 11,949.40 | 6,342.99 |
| (d) Total Equity | 11,535.22 | 10,119.13 |
| Net Debt to equity ratio (c) / (d) * | 1.04 | 0.63 |

* Increased due to additional Borrowings for Modernization cum expansion project at kalwakurthy unit.

Note No 35
Corporate Social Responsibility

As per section 135 of the companies Act 2013, a company, has to spend 2% of its average net profits of three immediate preceding financial year as detailed below.

(All amounts in ₹ Lakhs)

| Particulars | As on 31.03.2019 |
|------------------------------------------------------------------|------------------|
| Gross amount required to be spent by the company during the year | 27.51 |
| Less : Amount spent during the year | 28.10 |
| Excess amount spent | (0.59) |

The Company has spent the total amount of earmarked during the financial year.

Note No 36
Contingent Liabilities

(All amounts in ₹ Lakhs)

| Particulars | As on 31.03.2019 | As on 31.03.2018 |
|-------------------------------------------------------------------|------------------|------------------|
| a. Contingent Liabilities not provided for on account of : | | |
| i) CONTRACTS TO BE EXECUTED ON CAPITAL PROJECTS. 1619.00 | Nil | 1619.00 |
| ii) Bank Guarantee | 4.00 | 1.90 |
| iii) Bills discounted against LC's | Nil | Nil |
| iv) LC's against machinery orders | Nil | 1748.00 |
| v) Cross Subsidy on IEX power Purchases * | Nil | 248.86 |

(*Differential Cross subsidy on IEX power purchases imposed by TSERC- Cases filed in the Honorable High court of Telangana was settled with favorable order to the company, Hence the liability was nullified.)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note no 37
Employee benefits : Gratuity

Consequent to the adoption of Accounting Standard on Employees Benefits (Ind AS-19) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity.

The company has created a Trust namely SLSML Employees Gratuity Trust vide Trust deed dated 31st December, 2005 and obtained approvals from Income Tax Authorities vide letter No. CIT-III/10/GF/2005-06 dated 18.10.2006. SBI Life Insurance has been appointed for management of the Trust fund for the Benefit of the employees. The following tables summarize the components of net benefits.

(All amounts in ₹ Lakhs)

| Particulars | As on 31.03.2019 | As on 31.03.2018 |
|-------------------------------------------------------------------------------|------------------|------------------|
| i Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 554.21 | 472.96 |
| Interest cost | 38.88 | 31.28 |
| Current Service Cost | 8.21 | 49.97 |
| Benefits Paid | Nil | Nil |
| Actuarial gain / (Loss) on obligations | Nil | Nil |
| Present value of obligations as at end of year | 601.30 | 554.21 |
| ii Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 504.24 | 403.45 |
| Expected return on plan assets | 22.55 | 29.59 |
| Contributions | Nil | 69.51 |
| Benefits Paid | Nil | Nil |
| Actuarial gain / (Loss) on Plan assets | 16.32 | 1.69 |
| Fair value of plan assets at the end of year | 543.11 | 504.24 |
| iii Table showing fair value of plan assets | 504.24 | 403.45 |
| Fair value of plan assets at beginning of year | | |
| Actual return on plan assets | 22.55 | 29.59 |
| Contributions | Nil | 69.51 |
| Benefits Paid | Nil | Nil |
| Actuarial gain / (Loss) on Plan assets | 16.32 | 1.69 |
| Fair value of plan assets at the end of year | 543.11 | 504.24 |
| Funded status including OCI | (58.19) | (49.97) |
| Excess of Actual over estimated return on plan assets | Nil | Nil |
| (Actual rate of return = Estimated rate of return as ARD falls on 31st March) | | |
| iv Assumptions | | |
| Discount rate | 7.7% | 7.5% |
| Rate of return on assets | 8% | 8% |
| Salary Escalation | 8% F5Y & 5%TA | 8% F5Y & 5%TA |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note No 38
Related party disclosures as required by the A S 18 are given under.
i) Transactions during the year

(All amounts in ₹ Lakhs)

| Sl. No. | Name | Relationship | Nature of Transaction | Current Year 2018-19 | Previous Year 2017-18 |
|---------|-------------------------------------------------------|--------------------|-------------------------|----------------------|-----------------------|
| a) | Sri Vithaldas Agarwal Managing Director | Key Management | Remuneration | 33.00 | 33.00 |
| | | | Interest (Gross) | 28.33 | 25.89 |
| | | | Unsecured loan Received | 20.00 | 32.50 |
| b) | Sri Mahender Kumar Agarwal Joint Managing Director | Key Management | Remuneration | 38.99 | 38.96 |
| | | | Interest (Gross) | 5.85 | 4.44 |
| | | | Unsecured loan Received | Nil | 35.00 |
| c) | Smt. Madhavi Agarwal Executive Director | Key Management | Remuneration | 24.74 | 24.74 |
| | | | Interest (Gross) | 7.18 | 5.33 |
| | | | Unsecured loan Received | 15.00 | 25.00 |
| d) | Sri K K Sinha Director - Operations | Key Management | Remuneration | 24.61 | 22.72 |
| e) | Suryamba Spinning Mills Ltd. | MD son is Director | Sale of Yarn | 19.27 | 49.54 |
| f) | Surana Solar Ltd. | Common Director | Security Deposit | 30.00 | Nil |
| | | | Solar Power purchased | 17.07 | Nil |

Payables as at 31.03.2019

(All amounts in ₹ Lakhs)

| Sl no | Name | Relationship | Nature of Transaction | As at 31.03.2019 | As at 31.03.2018 |
|-------|-------------------------------------------------------|-----------------|-----------------------|------------------|------------------|
| a) | Sri Vithaldas Agarwal Managing Director | Key Management | Remuneration (net) | 9.79 | 2.82 |
| | | | Interest (net) | 19.39 | 14.47 |
| | | | Unsecured loan | 322.50 | 302.50 |
| b) | Sri Mahender Kumar Agarwal Joint Managing Director | Key Management | Remuneration (net) | 3.97 | 5.75 |
| | | | Interest (net) | 5.27 | 4.44 |
| | | | Unsecured loan | 65.00 | 65.00 |
| c) | Smt. Madhavi Agarwal Executive Director | Key Management | Remuneration (net) | 5.47 | 14.88 |
| | | | Interest (net) | 6.46 | 4.80 |
| | | | Unsecured loan | 85.51 | 70.51 |
| d) | Surana Solar Ltd. | Common Director | Solar Power purchased | 6.34 | Nil |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
Note No 39
DUES TO MICRO AND SMALL ENTERPRISES

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the Company. This has been relied upon by the auditors. Dues to such parties are given below:

(All amounts in ₹ Lakhs)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| (a) The principal amount remaining unpaid as at the end of the year | 141.24 | 157.79 |
| (b) The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| (c) Amount of interest paid by the Company in terms of Section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year. | - | - |
| (d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006). | - | - |
| (e) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act, 2006). | - | - |

Note No 40

Previous Year's Figures have been regrouped wherever necessary to correspond with the current year's figures. Except when otherwise stated, the figures are presented in Rupees in Lakhs.

Per Our Report of even date
for **K S RAO & CO.,**
Chartered Accountants
Firm Regn. No. : 003109S

for and on behalf of the Board

V VENKATESWARA RAO
Partner
Membership No. 219209

Y. HARI PRIYA
Company Secretary

VITHALDAS AGARWAL
Managing Director

Place: Secunderabad
Date : 29th May, 2019

K NAGESWARA RAO
Chief Financial Officer

MAHENDER KUMAR AGARWAL
Joint Managing Director

PERFORMANCE OF THE COMPANY AT GLANCE FOR 5 YEARS

(All amounts in ₹ Lakhs)

| Year | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------------------|---------|---------|---------|---------|---------------|
| Gross Revenue | 38,170 | 35,684 | 35,122 | 33,412 | 39,111 |
| Profit before Depreciation & Taxes | 2,785 | 2,267 | 2,179 | 2,005 | 3,162 |
| Depreciation | 868 | 811 | 809 | 765 | 840 |
| Profit before tax | 1,917 | 1,456 | 1,370 | 1,240 | 2,322 |
| Taxes* | 652 | 495 | 487 | 451 | 899 |
| Profit after tax | 1,265 | 961 | 883 | 789 | 1,423 |
| Dividend (%) | 18 | 20 | 15 | 15 | 18 |
| Earning per share in ₹ | 28.14 | 21.88 | 20.69 | 18.48 | 33.34 |

Note: Gross revenue includes excise duty & sales tax upto 30-06-2017 (i.e.) before induction of GST.

DISCLAIMER

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 result 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. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. 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.



36th Annual General Meeting
SURYALATA SPINNING MILLS LIMITED

ATTENDANCE SLIP

CIN: L18100TG1983PLC003962, Registered office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003,
Tel: 040-27774200 Fax: 040-27846859; Email: cs@suryalata.com: Website : **www.suryalata.com**

| Date | Venue | Time |
|-------------------|---------------------------------------------------------------------------------------|------------|
| 28-09-2019 | Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 | 10.45 A.M. |

| Name of the Shareholder | Folio No. / DPID and Client ID No. | No. of Shares |
|-------------------------|------------------------------------|---------------|
| | | |

I certify that I am a registered shareholder of the Company, holding above mentioned shares in the Company, and hereby record my presence at the **36th Annual General Meeting** of the Company.

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.



36th Annual General Meeting
SURYALATA SPINNING MILLS LIMITED

PROXY FORM

CIN: L18100TG1983PLC003962, Registered office: Surya Towers, 1st Floor, 105, Sardar Patel Road, Secunderabad- 500 003,
Tel: 040-27774200 Fax: 040-27846859; Email: cs@suryalata.com: Website : **www.suryalata.com**

Form No. MGT-11

**[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) _____ E-mail ID _____

Registered Address _____ Folio No / Client ID _____

DP ID _____

I/We being the Member(s) of _____ shares of Suryalata Spinning Mills Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him/her
- 2) _____ of _____ having e-mail id _____ or failing him/her
- 3) _____ of _____ having e-mail id _____

and whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Saturday, 28th September, 2019 at 10.45 A.M at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad - 500 016 and at any adjournment thereof in respect of such resolutions as are indicated below:





| S.No | Resolutions | For | Against |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| Ordinary Business | | | |
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, together with the reports of the Board of Directors and the Auditors thereon. | | |
| 2 | To declare dividend on Cumulative Redeemable Preference Shares of the Company for the Financial Year ended March 31, 2019. | | |
| 3 | To declare dividend @ 18% (₹1.80 per equity share of ₹10/- each) to Non-promoter Equity Shareholders of the Company for the financial year ended March 31, 2019. | | |
| 4 | To appoint a director in place of Sri Vithaldas Agarwal, (DIN: 00012774) who retires by rotation and being eligible, offers himself for re-appointment. | | |
| Special Business | | | |
| 5 | Re-appointment of Sri Vithaldas Agarwal as Managing Director for a period of five years. | | |
| 6 | Revision in the terms of payment of remuneration to Smt. Madhavi Agarwal Agarwal, Whole-Time Director of the Company w.e.f. July 1, 2019 till the completion of her present term | | |
| 7 | Re-appointment of Smt. Madhavi Agarwal as Whole-time Director for a period of five years. | | |
| 8 | Revision in the terms of payment of remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director of the Company. | | |
| 9 | Payment of Remuneration to Cost Auditor | | |

Signed this..... day of..... 2019

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company at Surya Towers, 1st Floor, 105, S P Road, Secunderabad - 500 003, not less than 48 hours before the commencement of the meeting.

**36th Annual General Meeting
FORM No. MGT-12 : POLLING PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]

Ballot Paper

| Sl. No. | Particulars | Details |
|---------|-----------------------------------------------------------------------------------------------------|---------|
| 1 | Name of the First Named Shareholder (In block letters) | |
| 2 | Postal Address | |
| 3 | Registered Folio No/*Client ID No. (*Applicable to investors holding shares in dematerialized form) | |
| 4 | Class of Shares | Equity |

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below in the **36th Annual General Meeting of the Company to be held on Saturday, 28th September, 2019 at 10.45 A.M. at Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad – 500 016, Telangana State**, by recording my assent or dissent to the said resolution(s) by placing the tick (✓) mark at the appropriate box below.

| No. | Item No. | No. of Shares held by me | I assent to the resolution | I dissent from the resolution |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|-------------------------------|
| Ordinary Business: | | | | |
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, together with the reports of the Board of Directors and the Auditors thereon. | | | |
| 2 | To declare dividend on Cumulative Redeemable Preference Shares of the Company for the Financial Year ended March 31, 2019. | | | |
| 3 | To declare dividend @ 18% (₹1.80 per equity share of ₹10/- each) to Non-promoter Equity Shareholders of the Company for the financial year ended March 31, 2019. | | | |
| 4 | To appoint a director in place of Sri Vithaldas Agarwal, (DIN: 00012774) who retires by rotation and being eligible, offers himself for re-appointment. | | | |
| Special Business : | | | | |
| 5 | Re-appointment of Sri Vithaldas Agarwal as Managing Director for a period of five years. | | | |
| 6 | Revision in the terms of payment of remuneration to Smt. Madhavi Agarwal Agarwal, Whole-Time Director of the Company w.e.f. July 1, 2019 till the completion of her present term | | | |
| 7 | Re-appointment of Smt. Madhavi Agarwal as Whole-time Director for a period of five years. | | | |
| 8 | Revision in the terms of payment of remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director of the Company. | | | |
| 9 | Payment of Remuneration to Cost Auditor | | | |

Place: Secunderabad

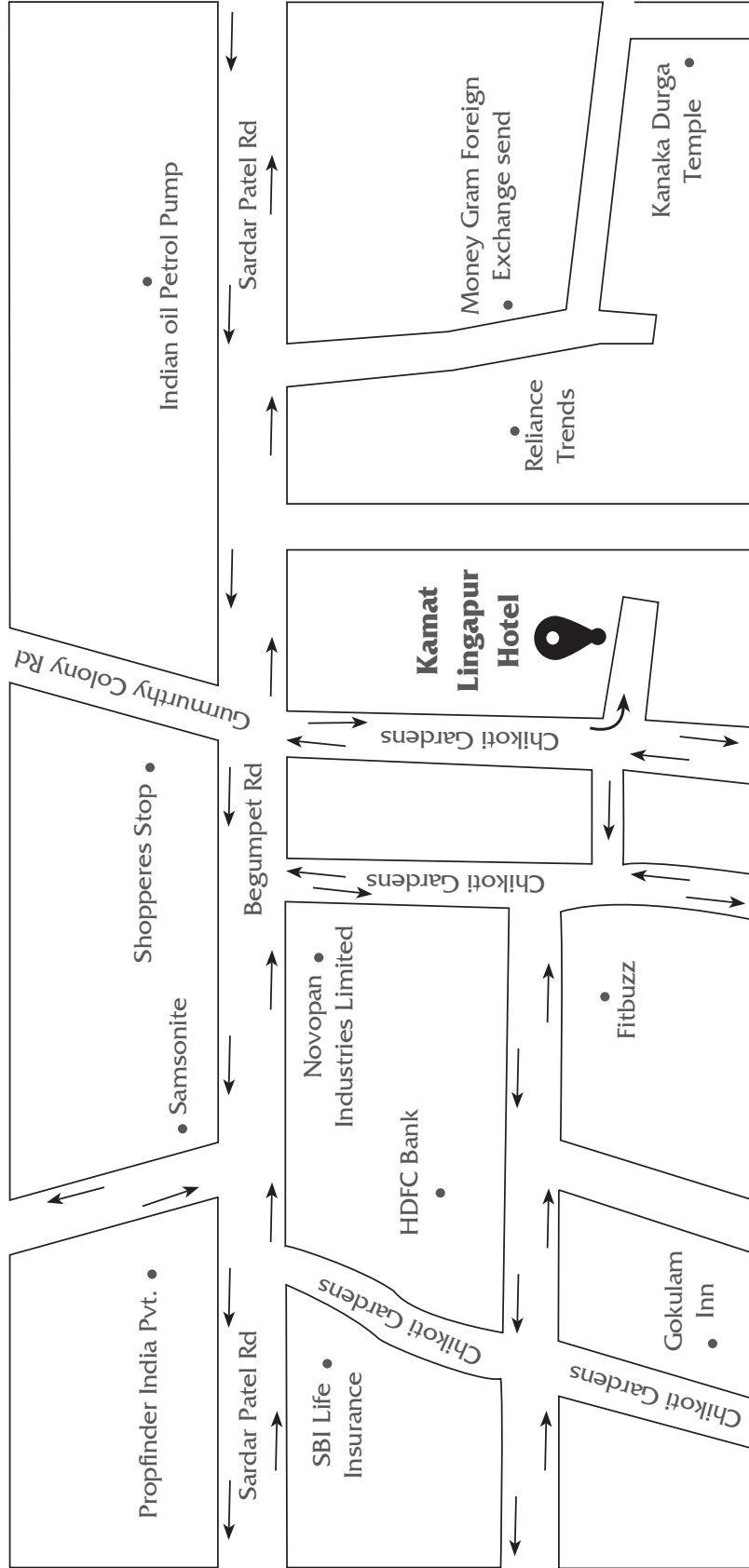
Date : August 14, 2019

(Signature of Shareholder)

INSTRUCTIONS

1. M/s. VCAN & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizers to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
2. Members who do not wish to avail remote e-voting facility, may fill up the Postal Ballot Form printed overleaf and submit the same in the enclosed business reply envelop addressed to Suryalata Spinning Mills Limited, M/s. VCAN & Associates, Scrutiniser's, 1st Floor, Surya Towers, 105, S.P. Road, Secunderabad - 500 003, in order to reach him not later than 05.00 P.M. on September 27, 2019. Please note that Postal Ballot form received thereafter will not be considered.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event, member casts his votes through both the processes i.e. remote E-voting and Postal Ballot Form, before the Annual General Meeting the votes in the electronic system would be considered and the Postal Ballot Form would be ignored.
5. The right of voting by Postal Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/Demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Karvy Fintech Private Limited). Members are requested to keep the same updated.
7. There will be only one Postal Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.
8. In case of joint holders, the Postal Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholder. Postal Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Postal Ballot Form signed by other joint holders.
9. Where the Postal Ballot Form has been signed by an authorized representative of the Body Corporate/Trust/ Society, etc. a certified copy of the relevant authorization/Board Resolution to vote should accompany the Postal Ballot Form.
10. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. September 20, 2019 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date.
11. In case of any query, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy Website) or call Karvy on 040-6716 1606, 6716 1770 & Toll-Free No. 1800 3454 001.
12. 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 i.e. September 20, 2019.
13. The remote e-voting period commences on September 23, 2019 (9.00 a.m. IST) and ends on September 27, 2019 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 20, 2019, may cast their vote electronically.
14. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a Resolution is cast by the Member, shall not be allowed to change it subsequently.
15. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the Resolution(s) will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
16. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website : www.suryalata.com and on the website of KARVY <https://evoting.karvy.com>, and communicated to BSE Limited, where the shares of the Company are listed for placing the same in their website.

36th Annual General Meeting - Suryalata Spinning Mills Limited
Venue - Route Map





Students of Gayathri Veda Vidyalam - Under CSR Activities



Water Treatment & Recycling Plant @ Kalwakurthy Unit



Suryalata Spinning Mills Limited

Regd. Office:

Surya Towers, 1st Floor

105 S.P. Road, Secunderabad - 500 003

Telangana State

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