



Date: 10<sup>th</sup> September, 2019

To  
The General Manager  
Department of Corporate Services  
B.S.E. Limited  
1<sup>st</sup> Floor, Rotunda Building,  
B.S. Marg, Fort  
Mumbai – 400 001

Dear Sir,

**Subject: Submission of 40<sup>th</sup> Annual Report along with the Notice of the 40<sup>th</sup> Annual General Meeting (AGM) of the Company for the Financial Year 2018-19 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Ref.: BSE Scrip Code: 514140**

With reference to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the 40<sup>th</sup> Annual Report (FY 2018-19) of our company along with the notice of the 40<sup>th</sup> Annual General Meeting of the Company forming part of the Annual Report 2018-19.

We request you to take the above information on record and acknowledge the receipt of the same.

Thanking you,

Yours faithfully,

**For Suryavanshi Spinning Mills Ltd,**

A handwritten signature in blue ink, appearing to read 'B. Somasekhara Rao'.

**B. Somasekhara Rao**

**Chief Financial Officer & Company Secretary**

Encl: As above.

[www.suryavanshi.com](http://www.suryavanshi.com)

**Registered Office:**  
Surya Towers, 6<sup>th</sup> Floor, 105, S.P Road  
Secunderabad – 500 003, Telangana, India  
Telephone : (91) 40 27843333  
Email : [info@suryavanshi.com](mailto:info@suryavanshi.com)  
CIN: L14220TG1978PLC002390



**ANNUAL REPORT  
2018-19**

# Contents

	Page Nos
Corporate Information	2
Notice	3
Directors' Report	12
Management Discussion Analysis	30
Independent Auditors' Report	33
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	45
Notes on Financial Statements	47
Attendance Slip / Proxy Form	77

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Sri Rajender Kumar Agarwal**

Managing Director

**Sri Surender Kumar Agarwal**

Independent Director

**Sri Manish Gupta**

Independent Director

**Smt Sushma Gupta**

Independent Director

### Chief Financial Officer & Company Secretary

Sri B. Somasekhara Rao

### Auditors

M/s. K.S.Rao & Co.  
Flat No. 602, Golden  
Green Apartments,  
Irrum Manzil Colony,  
Hyderabad - 500082

### Bankers

Andhra Bank  
State Bank of India

### Registered Office

6th Floor, Surya Towers, 105, S.P.Road  
Secunderabad – 500 003, Telangana  
Website: [www.suryavanshi.com](http://www.suryavanshi.com)  
Email: [info@suryavanshi.com](mailto:info@suryavanshi.com)  
CIN: L14220TG1978PLC002390  
Phone: 91-40-27843333

### Audit Committee

Sri Surender Kumar Agarwal  
Sri Manish Gupta  
Sri Rajender Kumar Agarwal

### Stakeholders' Relationship Committee

Sri Surender Kumar Agarwal  
Sri Rajender Kumar Agarwal

### Nomination & Remuneration Committee

Sri Surender Kumar Agarwal  
Sri Manish Gupta  
Smt Sushma Gupta

ISIN: INE431C01023  
Listed on BSE Limited  
Scrip Code: 514140

### Registrar and Share Transfer Agents

Karvy Fintech Private Limited  
Karvy Selenium Tower B,  
Plot No 31 & 32, Gachibowli,  
Financial District, Nanakramguda,  
Serilingampally,  
Hyderabad – 500 032  
Tel No. 040-67161606,  
Fax No. 040-23420814  
e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvyfintech.com](http://www.karvyfintech.com)

### FACTORY

Spinning & Medical Textile Divisions  
Aliabad, Medchal Taluq, Ranga Reddy Dist.  
Telangana – 500 078

## NOTICE

NOTICE is hereby given that the 40<sup>th</sup> Annual General Meeting of the Members of Suryavanshi Spinning Mills Limited will be held on **Monday, 30<sup>th</sup> day of September, 2019 at 10.00 A.M. at Gayatri Gardens, Survey No. 26, Sikh Village, Near Diamond Point Hotel, Secunderabad – 500009** to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2019 and the Reports of the Directors and Auditors thereon.
- To appoint a director in place of Sri Rajender Kumar Agarwal, who retires by rotation and, being eligible, offers himself for reappointment.

### SPECIAL BUSINESS

- To Authorize the Board to Sell, lease or otherwise dispose undertaking of Company pursuant to Section 180(1)(a)**

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

**“RESOLVED THAT** pursuant to Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any amendment thereto or re-enactment thereof) the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any Committee thereof) to sell, lease or dispose of the following movable and immovable properties of the Company in favor of banks or any , Body Corporate or any other person (s) on such terms and conditions as the Board may deem fit, towards settlement of the loans, creditors or any other liabilities that are due and payable by the Company:

- 28.20 acres land located at Aliabad Village, Shameerpet Mandal, Rangareddy District, Telangana as per details below:

Survey Nos.	Acres-Guntas
563/P	7.10
564/P	6.13
568/P	0.10

Survey Nos.	Acres-Guntas
565/P	3.13
531/P	4.38
562/P	0.24
532/P	0.20
532	0.20
533	1.14
561	3.08
531/P	0.10
Total	28.20

- Plant and machinery.

All the plant & machinery including building of dyeing division and Spinning Division.

**RESOLVED FURTHER THAT** any of the Director of the Company be and are hereby authorized to sign such forms/ returns, and various documents as may be required to be submitted to the Registrar of Companies, or such other authorities and to do all the acts, deeds and things which may be necessary to give effect to the above said resolution.”

- Alteration of the object clause of the Memorandum of Association of the Company**

To consider and, if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall include any Committee or one or more Directors), the consent of the members of the Company be and is hereby accorded for effecting the following alteration in the Object clause of the Memorandum of Association (the “MOA”) of the Company by addition/ substitution of certain clauses in the following manner:-

**(i) The existing clause III (A) of the MOA be altered by appending of new sub clause (5) after sub clause (4)**

5. "To carry on the business as promoters, developers, engineers, contractors and builders of and to purchase, sell, resell, give or take on lease or rent, lay out, develop, construct, build, erect, demolish, re- erect, alter, repair ,remodel commercial, industrial premises and residential houses of every type, housing societies, flat schemes, apartments, commercial buildings, offices, factories, warehouses, shops, godowns, farm houses, markets, schools, hotels, motels, theatres, hospitals, recreation centers, and to undertake all types of contracts entailing Build Operate Transfer (BOT) or Build Operate Lease Transfer (BOLT) of roadways, national highways, bridges, flyovers, sewers, canals, docks, wells, springs, dams, racecourses, watercourses, reclamation, water parks, irrigation schemes, entertainment complex, industrial complexes, harbors, power plants, reservoirs, embankments and/or of construction, structural or architectural work of any kind whatsoever in India or abroad and for that purpose to acquire, purchase assets, liabilities, shares of any company, firm, corporation engaged in similar business and to develop land, buildings and other properties."

**(ii) The existing sub clause (36) of clause III (B) of the MOA be substituted by new sub clause as under;**

36. To sell, and in any other manner deal with or dispose of the undertaking of the Company or any properties or assets thereof (movable or immovable) for such consideration and generally upon such terms and conditions as the Company may think fit and in particular for shares, stocks, debentures and other securities of any other Company having objects altogether or in part similar to those of the Company.

**(iii) The existing clause III (B) of the MOA be altered by appending of new sub clause from (46) to (52) after sub clause (45)**

46. Subjects to the provisions of the Act, to distribute among the members, in specie, any property of the Company or

any proceeds of sale or disposal of any property of the Company in the event of winding up of the Company.

47. To make donations to such persons or institutions in such cases either of cash or any other assets as may be thought directly or indirectly conducive to any of the Company's objects or otherwise expedient and in particular to remunerate any person or corporation introducing business of this Company and also to subscribe contribute or otherwise assist or guarantee money for charitable, scientific, religious, social, developmental or benevolent, national, public or other institutions, to carry on social welfare activities like old-age home, medical and ambulance services and similar other charitable purposes, and objects or for any exhibition or for any public, general or other objects and to establish and support or aid in the establishment and support of associations, institutions objects or for any exhibition for any public, general or other objects and to establish and support or aid in the establishment and support of associations, institutions, funds, and conveniences for the benefit of the employees (including Directors) of the Company or its predecessors in the business or the dependents, and in particular other benefit societies to grant pensions, allowances, gratuities and bonuses either by way of annual payments or a lump sum and to make payment towards insurance and to form of or for such persons.
48. To act as indenters, Commission Agents for Importers, Exporters, local and Inland Traders and for Export, Import, Local and Inland Trading of all products manufactured by the Company.
49. To appreciate any part or parts of the property of the Company and to build or let shops, offices and other places of business and to use or use any part of property of the Company not required for the purposes aforesaid for any purpose for which it may be conveniently let or utilized on taken advantage of.

50. To purchase, take on lease or tenancy or in exchange, hire, renew or otherwise acquire and hold any estate or interest and to let or sub-let in whole or in part, develop, manage and exploit any lands, buildings, machinery, easements, rights, privileges, plans, stock-in-trade, business concerns, options, contracts, claims, chooses-in-action and any real and personal property of any kind necessary or convenient for the business of the Company and either to retain the same for the purpose of the Company's business or to turn the same to account as may seem expedient.
51. To indemnify directors, agents and servants of the Company against proceedings, costs, damages in respect of anything done or ordered to be done by them for and in the interest of the Company or any loss damage or misfortunes, whatever which shall happen in execution of the duties of their office or in relation thereof.
52. To dedicate, present or dispose of either voluntarily or for value any property of the Company deemed to be of national, public or local interest to any national trust, public body, museums, Corporations or authority or any trustees for or on behalf of any of the same or on behalf of the public.

**RESOLVED FURTHER THAT** Board be and is hereby authorized to undertake all such acts, deeds, matters, and things and to execute all such deeds, documents, and writing as may be deemed necessary, proper desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty, or doubt that may arise in this regard.

**5. Alteration In The Liability Clause Of The Memorandum Of Association Of The Company**

To consider the matter, and if thought fit, to pass the following as Special Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, (“Act”) including any statutory modifications or reenactment thereof for the time being in force and rules made thereunder, the existing Clause IV of the Memorandum of

Association (“MOA”) of the Company be and are hereby altered by replacing and substituting the same with the following new clause;

IV. *“The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them*

**RESOLVED FURTHER** that the Board be and is hereby authorized to do all such acts, deeds, matters and things that may be deemed necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

**6. Adoption of Articles of Association as per the provisions of the Companies Act, 2013:**

To consider and, if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION:**

**“RESOLVED THAT** pursuant to the provisions of Section 14, 15 and any other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to adopt the new set of Articles of Association containing, inter-alia, Regulation No. 1 to Regulation No. 358 in place of existing Articles of Association containing Regulation No. 1 to Regulation No. 161 as available for inspection in the meeting and at the registered office of the company during working hours.

**RESOLVED FURTHER THAT** any of the Director of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

By order of the Board  
For **Suryavanshi Spinning Mills Limited**

**R.K. Agarwal**  
Managing Director  
DIN: 00041892

Place: Secunderabad  
Date: 14.08.2019

## NOTES:

1. The register of members and share transfer books of the Company will be closed from 23<sup>rd</sup>September 2019 to 30<sup>th</sup>September 2019 (both days inclusive) for the purpose of Annual General Meeting.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. The holder of the proxy shall prove his/her identity at the time of attending the meeting.

3. A member holding more than 10% of the total share capital may appoint a single person as Proxy and such person shall not act as Proxy for any other person or member. The Instrument appointing the proxy should be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.

5. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.

6. Members may note that the Notice of the 40<sup>th</sup> AGM and the Annual Report for FY 2018-19, copies of audited financial statements, directors' report etc., will also be available on the website of the company, [www.suryavanshi.com](http://www.suryavanshi.com) for download. Members holding shares in electronic mode are therefore requested to keep their email address updated with the Depository Participants. Members holding

shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address M/s Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana.

7. SEBI has decided that securities of listed companies can be transferred only in dematerialised form w.e.f. December 5, 2018. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialise shares held by them in physical form.

### 8. E-Voting:

(i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members, the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited (KFPL) on all resolutions set forth in this Notice. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

(ii) The facility for voting through Ballot form shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through Ballot form.

(iii) A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and vote by Ballot shall be treated as invalid. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

(iv) The Board of Directors of the Company has appointed Smt Rashida Adenwala, Practising Company Secretary, Partner, R & A Associates, Hyderabad as Scrutinizer to voting process

- (e-voting and ballot) in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.
- (v) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 20<sup>th</sup> September 2019.**
- (vi) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 20<sup>th</sup> September 2019 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through ballot form.**
- (vii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 20<sup>th</sup> September 2019, may obtain the User ID and password by writing to Karvy at [evoting@karvy.com](mailto:evoting@karvy.com) or contact 040-67161606 or Toll Free No.1800 3454 001. However, if the person is already registered with Karvy for remote e-voting then the existing user ID and password can be used for casting vote.
- (viii) The remote e-voting facility will be available during the following period:
- Commencement of remote e-voting: From 9.00 a.m. (IST) on 27<sup>th</sup> September 2019**
- End of remote e-voting: Up to 5.00 p.m. (IST) on 29<sup>th</sup> September 2019**
- The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting Module shall be disabled by Karvy upon expiry of aforesaid period.
- (ix) The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, after the conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.suryavanshi.com](http://www.suryavanshi.com) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to BSE Limited.
- (x) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30<sup>th</sup> September 2019.
- (xi) **Instructions and other information relating to remote e-voting:**
- A. **In case of Members receiving Notice through mail:**
- Open e-mail and open PDF File viz. "Suryavanshi Spinning Mills.pdf" with your client ID or folio No. as password. The said PDF File contains your user ID and password for e-voting. Please note that the password is an initial password.
  - Use the following URL for e-voting: From Karvy website: <http://evoting.karvy.com>
  - Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
  - Enter the login credentials. In case of physical folio, User ID will be EVEN number followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - After entering the details appropriately, click on LOGIN.
  - You will reach the 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 any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- g. You need to login again with the new credentials.
- h. On successful login, the system will prompt you to select the EVENT i.e., **Suryavanshi Spinning Mills Limited**.
- i. On the voting page, enter the number of shares as on the cut-off date under FOR/ AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/ AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- j. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- k. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- l. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.
- m. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- n. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authorisation letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [rashida@rna-cs.com](mailto:rashida@rna-cs.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
- o. In case of any queries relating to e-voting, members may please refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Mr. **V Raghunath**, Deputy Manager, Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032, Contact no. 040-67161606, Toll free No. 1800 345 4001, email id: [raghu.veedha@karvy.com](mailto:raghu.veedha@karvy.com).
- B. In case of members receiving notice through post/courier:**
- (i) E-voting Event Number (EVEN), User ID and Password is provided in the Ballot form
- (ii) Please follow all steps mentioned above in Sr. No. (xii)(A)(b) to (xii)(A)(n) to cast your vote by electronic means.
9. The Companies Act, 2013 provides for the facility of nomination to the holders of Shares in a Company. Accordingly, members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company. (The forms are available at the Regd. Office).
10. Members are requested to notify immediately any change in their addresses to the Company.
11. The members are requested to bring their copy for the annual report with them at the time of attending Annual General Meeting.
12. A route map showing directions to reach the venue of the 40<sup>th</sup> AGM is given at the end of the Notice.
- By order of the Board**  
**For Suryavanshi Spinning Mills Limited**
- R.K.Agarwal**  
**Managing Director**
- Place: Secunderabad**  
**Date: 14.08.2019**
- DIN: 00041892**

---

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 3

As per the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company cannot sell, lease or otherwise dispose of the whole or substantially the whole undertaking of the Company except with the consent of the members in the General Meeting by way of Special Resolution.

The Company is negotiating with the banks for the one time settlement of the loans of the Company. For the said purpose it is hereby proposed to sell / dispose off the entire plant & machinery including Building of dyeing division and portion of land situated at Aliabad Village, Shameerpet Mandal, Telangana the details of which is provided in the resolution above.

In this regard, your kind consent is being sought, to authorize the Board of Directors of the Company to sell or otherwise dispose of the properties and thereby get the funds to pay off the liabilities.

The members are requested to approve item No. 03 by passing Special Resolution

None of the Directors and / or Key Managerial Personal or their relatives, are interested or concerned in the resolution.

### Item No.4

Upon enactment of the Companies Act, 2013, ("Act") the Memorandum of Association of the Company were required to be re-aligned as per the provisions of the new Act.

It is proposed to amend the Main objects of the Company partially to align the same with the present business activities and would include matters which are necessary for furtherance of main objects in Clause III (A).

Accordingly, the existing Clause III (A) and Clause III (B) of the Memorandum of Association of the Company are proposed to be altered by addition for new sub Clause including substitution of sub Clause 36 of Clause III (B) with new sub clause as submitted before the meeting and more particularly enumerated in the resolution

The alteration in the Object Clause of the MOA, as set out in the resolution, is to facilitate Company's entry into new business areas as defined therein. The proposed activities can be carried out, under the existing circumstances,

conveniently and advantageously along with the existing activities of the Company. These will enable the Company to carry on its business economically and efficiently.

Pursuant to Section 4 and 13 of the Companies Act, 2013 and rules made thereunder, consent of the Members by way of Special Resolution is required for change in objects clause of the Memorandum of Association of the Company.

Copy of the existing MOA, copy indicating the proposed amendments and other allied documents, if any, being referred in this resolution would be available for inspection by the members, free of cost, at the Registered Office and Head Office of the Company during 11.00 a.m. to 5.00 p.m. on all working days (Monday to Friday).

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise in the said resolution except to the extent of their shareholding, if any.

The Board recommends the resolution under Item No. 04 for approval of the members as a Special Resolution.

### Item No. 5

It is proposed to replace the 'liability clause' of the Memorandum of Association of the Company by substituting the same with existing Clause IV to re-word the same appropriately and make it in line with the requirements of the Companies Act, 2013.

It is proposed to alter the existing Clause IV of the Memorandum of Association of the Company by substituting with the following new clause;

*IV. "The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.*

In terms of Section 4 and 13 of the Act, the consent of the Members by way of Special Resolution is required for change in liability clause of the Memorandum of Association of the Company.

The Copy of the existing MOA, copy indicating the proposed amendments and other allied documents, if any referred in this resolution would be available for inspection by the members free of cost, at the registered office of the Company during 11:00 a.m. to 5:00 p.m. on all working days (Monday to Friday).

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions, as set out at Item No. 05 of the Notice.

The Board recommends for approval by the members the resolution as set out at Item No. 05 of the Notice as a Special Resolution.

**Item No. 6**

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

On 12 September, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on 26 March, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal")). With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to replace wholly the existing AOA by a new set of Articles. The new AOA to be substituted in place of the existing AOA are based on "Table-F" of the Act which sets out the model articles of association for a company limited by shares.

Pursuant to Section 14 of the Act, the consent of the Members by way of Special Resolution is required for alteration of AOA of the Company. The Board recommends the Special Resolution set forth in Item No. 06 of the Notice for approval of the Members. The proposed new draft AOA is being uploaded on the Company's website for perusal by the Members. Further, a copy of the proposed set of new AOA of the Company would be available for inspection for the Members at the Registered Office/ Corporate Office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. till the date of AGM. The aforesaid documents are also available for inspection at the AGM.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.10

**By order of the Board  
For Suryavanshi Spinning Mills Limited**

**Place: Secunderabad  
Date: 14.08.2019**

**R.K.Agarwal  
Managing Director  
DIN: 00041892**

## ANNEXURE TO ITEM 2 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting  
 (in pursuance of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), 2015)

<b>Name of the Director</b>	<b>Sri Rajender Kumar Agarwal</b>
DIN	00041892
Date of Birth	28.07.1962
Nationality	Indian
Date of Appointment on the Board	12.10.1990
Qualifications	B.E (Mechanical)
Expertise in specific functional area	Experience of more than 25 years in Textiles business.
Number of shares held in the Company as on 31.03.2019	1219359
List of the directorships held in other companies	1. Telangana Spinning & Textile Mills Association 2. Sheshadri Power and Infrastructure Private Limited
Chairman/ Member in the Committees of the Boards of companies in which he is Director*	Nil
*Committee memberships/chairmanships includes only Audit Committee and Stake holders' Relationship Committee of other Public Limited Companies (whether Listed or not).	
There is no inter-se relationship between Board Members.	

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 40<sup>th</sup> Director Report on the business and operations of Company and Financial Results for the year ended 31<sup>st</sup> March, 2019.

### I. FINANCIAL RESULTS

Rs. In lakhs

	2018-2019	2017-2018
Turnover Revenue	2033.83	3333.19
Gross Profit before financial charges & depreciation & exceptional items	(101.76)	(353.03)
Less: Depreciation	183.68	191.17
Financial charges	54.91	70.99
Exceptional items	-	262.72
Profit / (Loss) before taxation	(340.35)	(354.47)
Tax expenses	-	-
Profit / (Loss) after taxation	(340.35)	(354.47)

### 2. OPERATIONS

During the year under review, the company recorded total turnover of Rs.2033.83 lakhs as against turnover of Rs.3333.19 lakhs of the previous year. The operations during the year have resulted in a loss of Rs.340.35 lakhs as against the loss of Rs.354.46 lakhs in previous year. The Company's operations have been affected due to insufficient working capital funds.

### 3. CHANGE IN SHARE CAPITAL

There is no change in Share Capital of the company during the year under review.

### 4. RESERVES

Your Directors does not propose to carry any amount to General Reserve Account as the Company has incurred losses during the financial year.

### 5. DIVIDEND

In view of losses incurred by the Company during the year under review, the Board is unable to recommend dividend.

### 6. EXPANSION & MODERNISATION

Modernization and expansion shall take place in line with technological developments that take place in the industry.

### 7. FUTURE OUTLOOK

The Company future outlook is expected to be challenging in future in view of change in the global economic situation..

### 8. CORPORATE GOVERNANCE

The report on Corporate Governance is not being enclosed to this report in view of the relaxation under regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

### 9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements), 2015 is presented in a separate section forming part of the Annual Report as **Annexure – IV**.

### 10. ENVIRONMENT AND POLLUTION CONTROL

The manufacturing facility has obtained environmental clearance from the Pollution Control Board concerned and is in compliance with all current environmental legislation. As an integral part of its environment protection drive, the Company ensures the very minimum quantity of generation of waste, low emission levels and low noise pollution levels during operations of its manufacturing facility.

### II. DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. RETIREMENT BY ROTATION

Pursuant to the provision of Section 152 of the Companies Act, 2013, Sri Rajender Kumar Agarwal (DIN No. 00041892), Director will retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment

#### B. EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013 and as per the Listing Regulations, the performance evaluation of the Board and of its Committee was carried out during the year under review.

The Directors evaluation was broadly based

on the parameters such as understanding of the Company's vision and 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 into 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.

#### **C. DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Directors of the Company have given declaration stating that they meet the criteria of independence as provided under Companies Act, 2013.

#### **D. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company has formulated a familiarization program for Independent Directors to provide insights into the Company's manufacturing, marketing, finance and other important aspects to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The details of such program are available on the Company's website ([www.suryavanshi.com](http://www.suryavanshi.com))

## **12. BOARD AND THEIR COMMITTEES**

### **1. BOARD OF DIRECTORS**

#### **a) Composition and Number of Board Meetings:**

As on 31<sup>st</sup> March, 2019, the board of Directors comprises of 4 (Four) Directors of these, 1 (One) is Executive Director and 3 (Three) are Independent Directors. The Chairman is being appointed on each Board Meeting and Annual General Meeting

The Board of Directors of the Company met Four (4) times during the year i.e. on 30.05.2018, 14.08.2018, 14.11.2018 and 05.02.2019.

#### **b) Disclosure of relationships between directors inter-se:**

There is no inter-se relationship between Board Members.

### **2. AUDIT COMMITTEE**

The Audit Committee comprises of Sri Surender Kumar Agarwal (Chairman), Sri Manish Gupta and Sri Rajender Kumar Agarwal as other members. All the recommendations made by the Audit Committee were accepted by the Board.

During the financial year ended March 31, 2019 – Four (4) Audit Committee Meetings were held on 30.05.2018, 14.08.2018, 14.11.2018 and 05.02.2019.

### **3. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Your company has constituted a Stakeholders' Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders and other security holders.

The Stakeholders Relationship Committee comprises of Sri Surender Kumar Agarwal and Sri Rajender Kumar Agarwal.

Sri Surender Kumar Agarwal (Chairman) is the Non-Executive Director heading the Committee and Sri B. Somasekhara Rao, CFO & Company Secretary is the compliance officer of the Company

Details of the complaint received and redressed during the year under review are as follows:

1	No. of Complaints received for the 4 <sup>th</sup> Quarter	NIL
2	No. of Complaints received for the Year ended 31 <sup>st</sup> March 2019	NIL
3	Number not solved to the satisfaction of shareholders	NIL
4	Number of pending complaints	NIL

### 13. AUDITORS & AUDITORS' REPORT

#### A. STATUTORY AUDITORS

M/s K.S.Rao & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No.003109S) were appointed as Statutory Auditors in the AGM held on 29<sup>th</sup> September 2017 for a period of 5 years until the conclusion of 43<sup>rd</sup> AGM.

Ministry of Corporate Affairs vide its notification dated May 7, 2018 has done away with the requirement of seeking ratification of appointment of statutory auditors by members at each AGM. Accordingly, no such item has been considered in notice of the 40<sup>th</sup> AGM.

Following are the replies/clarifications in respect of the observations made by the statutory auditors in their audit report.

The management is of the considered opinion that the liabilities with the banks would be settled in view of the One Time Settlement (OTS) sanction letters issued by them to the Company. Company plans to generate the funds by sale of assets to meet the OTS liability. Company also plans to diversify the operations and generate future cash flows. Thus the Company is confident of settling the statutory liabilities.

For the reasons stated above company's accounts have been prepared on going concern basis.

Interest on bank loans was not provided in view of One Time Settlement Sanction letters issued by them to the company for settlement of liabilities at a percentage of principal liability only. There fore , recognizing interest liability in the books did not arise.

With reference to the observation made under

the head "Evaluation of uncertain tax positions, the note No. 40 disclosing the contingent liabilities is self explanatory.

With reference to the Auditors' observations on Note Nos. 41,43,44 to the financial statements, the Board considers the respective notes themselves are self explanatory.

#### B. SECRETARIAL AUDITOR

During the year, the Company has appointed M/s NVSS Suryanarayana Rao, Practicing Company Secretaries as Secretarial Auditor in compliance with the provision of Section 204 of the Companies Act, 2013. The Secretarial Audit report in form MR-3 for the financial year ended 31<sup>st</sup> March 2019 is annexed herewith as **Annexure I** to this Report. The Secretarial Audit Report does not contain any qualification or adverse remark.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **15. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party transaction are presented to the Audit Committee and the board. Omnibus approval is obtained for the transactions which are foreseeable and repetitive in nature. A Statement of all related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Policy on materiality of related party transactions as approved by the Board may be accessed on the Company's website at <http://www.suryavanshi.com/policy-policy.html>.

Your Directors draw attention of the members to Note 35 to the financial statement which sets out related party disclosures. . Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 is enclosed to this report in **Annexure V**.

#### **16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Account) Rules, 2014 is annexed hereto and marked **Annexure II** and forms part of this Report.

#### **17. 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 was observed.

#### **18. INDIAN ACCOUNTING STANDARDS (IND AS)**

The Ministry of Corporate Affairs vide its notification dated 16.02.2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, the company has adopted IND AS with effect from 1<sup>st</sup>April, 2017.

#### **19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

The information required pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

#### **20. POLICY ON SEXUAL HARASSMENT:**

The Company has in place a policy on Prevention of Sexual Harassment of Employees at workplace in accordance with The Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliant Committee has been set to redress complaints received regarding sexual harassment.

During the year under review, the Company has not received any complaints pertaining to sexual harassment.

#### **21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not made any loan, given guarantee or provided security pursuant to the provisions of Section 186 of Companies Act, 2013. The details of investments made by the Company pursuant to the provisions of Section 186 of Companies Act, 2013 is provided in Note 7 to the financial statement.

## 22. DISCLOSURES:

### A. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as **Annexure III** to this Report.

### B. WHISTLE BLOWER POLICY

The Company has in place a Whistle Blower Policy for vigil mechanism for the directors and employees to report genuine concerns to the management about unethical behavior, fraud, violation of Company's code of conduct and provides adequate safeguards against victimization of persons who use such mechanism. The Policy on vigil mechanism may be accessed on the Company's website at the link: <http://www.suryavanshi.com/whistle-blower-policy.html>. There were no complaints received during the year 2018-19.

## 23. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Details relating to deposits covered under Chapter V of the Act.
- b. The Company has no subsidiaries, joint ventures or associate companies.

- c. The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013.
- d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

## 24. ACKNOWLEDGEMENTS:

The Board of Directors is pleased to place on record their appreciation for the co-operation and support extended by All Financial Institutions, Banks and various State and Central Government Agencies.

The Board would also like to thank the Company's shareholders, customers, suppliers for the support and the confidence which they have reposed in the management. The Board place on record its appreciation for the contribution made by the employees at all levels and for their hard work, solidarity, co-operation and support.

By order of the Board  
For **Suryavanshi Spinning Mills Limited**

**R.K.Agarwal**  
Managing Director  
DIN: 00041892

**Surender Kumar Agarwal**  
Director  
DIN: 00281576

Place: Secunderabad  
Date: 14.08.2019

**FORM NO.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,  
**SURYAVANSHI SPINNING MILLS LIMITED,**  
105, Sardar Patel Road,  
Secunderabad-500003  
Telangana, India

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

Based on our verification of the 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, we hereby report that in our 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.

We 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) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositors Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI ACT'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28<sup>th</sup> October 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 (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and – (Not applicable to the Company during the Audit Period);
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – (Not applicable to the Company during the Audit Period).
- vi) The following other laws as specifically applicable to the Company in view of the management are:
- a) Textiles (Development and Regulation) Order, 2001; and
  - b) Hank Yarn Packing Notification issued under Essential Commodities Act, 1955.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- ii. The Listing Agreement entered into by the Company with BSE India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. However, company has defaulted in payments undisputed statutory dues at March 31, 2019 which includes Provident Fund, Employees 'State Insurance', Income-Tax, Sales-tax, Service tax and Value added tax.

We further report that:

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

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

All 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.

We 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, regulations and guidelines.

For and behalf of  
**M/s NVSS Suryanarayana Rao**  
Company Secretaries

**NVSS Suryavanarayana Rao**  
ACS 5868  
CP 2886

Date:08.06.2019  
Place:Hyderabad

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

To  
The Members  
**Suryavanshi Spinning Mills Limited**  
105, Sardar Patel Road,  
Secunderabad – 500003  
Telangana, India

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

1. Maintenance of secretarial records is the responsibility of the management of M/s Suryavanshi Spinning Mills Limited, (“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 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 our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever 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.

For and behalf of  
**M/s NVSS Suryanarayana Rao**  
Company Secretaries

**NVSS Suryanarayana Rao**  
ACS No.5868  
C P No.2886

Date: 08.06-2019  
Place: Hyderabad

## ANNEXURE - II

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

### A. CONSERVATION OF ENERGY

i)	The steps taken or impact on conservation of energy	An energy audit was undertaken by a firm of consultants to improve upon the energy conservation measures. The recommendations from the audit were implemented.
ii)	The steps taken by the Company for utilizing alternate sources of energy	Nil
iii)	The capital investment on energy conservation equipments	Nil

### B. TECHNOLOGY ABSORPTION

i)	The efforts made towards technology absorption	The Company has adapted indigenous technology and innovated upon the same.
ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Product improvement, increase in yield, production of high value added products.
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	No technology has been imported during the last three years.
	a. The details of technology imported	NA
	b. The year of import	NA
	c. Whether the technology been fully absorbed	NA
	d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof and	NA
iv)	The expenditure incurred on Research and Development	Expenditure on in-house Research & Development was not incurred during the year under review.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lakhs)

	2018-19	2017-18
i) Foreign Exchange Earned:		
FOB value of exports	-	205.05
CIF value of exports	-	267.53
ii) Foreign Exchange used:		
Commission on Exports	-	-
Foreign Travel Expenses	-	1.28
Stores & Spares	-	-

## ANNEXURE – III

### FORM NO. MGT - 9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2019

[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	L14220TG1978PLC002390
ii)	Registration Date	27/12/1978
iii)	Name of the Company	Suryavanshi 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	6 <sup>th</sup> Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad – 500003 Tel No. 040-30512700 Fax: 040-30512725
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, Hyderabad – 500 032, Telangana Tel no. 040-67161606, Fax No. 040-23420814

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Polyester yarn	1311-Preparation and spinning of textile fibres	85.78%
2	Absorbent bleached cotton	1313 - Finishing of textiles	14.22%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding / subsidiary / Associate	% of shares held	Applicable section
NONE					

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

##### i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF	2582297	-	2582297	52.61	2850500	-	2850500	58.07	5.46
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other -Trust	268203	-	268203	5.46	-	-	-	-	-5.46
<b>Sub-Total (A)(1):</b>	<b>2850500</b>	<b>-</b>	<b>2850500</b>	<b>58.07</b>	<b>2850500</b>	<b>-</b>	<b>2850500</b>	<b>58.07</b>	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>2850500</b>	<b>-</b>	<b>2850500</b>	<b>58.07</b>	<b>2850500</b>	<b>-</b>	<b>2850500</b>	<b>58.07</b>	<b>-</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds / UTI	148	110	258	0.01	148	110	258	0.01	-
b) Banks / FI	259	166	425	0.01	259	166	425	0.01	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	<b>407</b>	<b>276</b>	<b>683</b>	<b>0.01</b>	<b>407</b>	<b>276</b>	<b>683</b>	<b>0.01</b>	<b>-</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	143071	482738	625809	12.75	120744	482738	603482	12.29	-0.46
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>b) Individuals</b>									
i) Individual Shareholders Holding nominal share capital upto Rs.2 lakh	1073838	161211	1235049	25.16	1080569	154248	1234817	25.16	-
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	166129	-	166129	3.39	187909	-	187909	3.84	0.45
<b>c) Others (specify)</b>									
i) NRI	26317	-	26317	0.54	26097	-	26097	0.53	-0.01
ii) Clearing Members /Clearing House	1	-	1	0.00	1000	-	1000	0.02	0.02
iii)NRI (Non-Repatriation)	4088	-	4088	0.08	4088	-	4088	0.08	-
<b>Sub-Total (B)(2):</b>	<b>1413444</b>	<b>643949</b>	<b>2057393</b>	<b>41.92</b>	<b>1420407</b>	<b>636986</b>	<b>2057393</b>	<b>41.92</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1413851</b>	<b>644225</b>	<b>2058076</b>	<b>41.93</b>	<b>1420814</b>	<b>637262</b>	<b>2058076</b>	<b>41.93</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4264351</b>	<b>644225</b>	<b>4908576</b>	<b>100.00</b>	<b>4271314</b>	<b>637262</b>	<b>4908576</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	
1	Rajender Kumar Agarwal	1219359	24.84	-	1219359	24.84	-	-
2	Yamunadevi Agarwal	1011767	20.61	-	1011767	20.61	-	-
3	Badrinarayan Agarwal Family Trust	268203	5.46	-	-	-	-	-5.46
4	Badrinarayan Agarwal	222747	4.54	-	-	-	-	-4.54
5	Narbada Bai	128424	2.62	-	619374	12.62	-	10.00
	<b>Total</b>	<b>2850500</b>	<b>58.07</b>	<b>-</b>	<b>2850500</b>	<b>58.07</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Badrinarayan Agarwal Family Trust				
	At the beginning of the year	268203	5.46	268203	5.46
	Sale on 14 <sup>th</sup> of September 2018	268203	5.46	0	0
	At the End of the year			0	0
2	Badrinarayan Agarwal				
	At the beginning of the year	222747	4.54	222747	4.54
	Sale on 21 <sup>st</sup> of September 2018	222747	4.54	0	0
	At the End of the year			0	0
3	Narbada Bai				
	At the beginning of the year	128424	2.62	128424	2.62
	Purchase on 14 <sup>th</sup> of September 2018	268203	5.46	396627	8.08
	Purchase on 21 <sup>st</sup> of September 2018	222747	4.54	619374	12.62
	At the End of the year			619374	12.62

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	JerambhaiKaramshibhaiKakadia				
	At the beginning of the year	45813	0.93	45813	0.93
	At the End of the year			45813	0.93
2	Suryalakshmi Cotton Mills Limited				
	At the beginning of the year	37777	0.77	37777	0.77
	At the End of the year			37777	0.77
3	Baman K Mehta				
	At the beginning of the year	25900	0.53	25900	0.53
	At the End of the year			25900	0.53
4	Sanjeev Lunkad				
	At the beginning of the year	25073	0.51	25073	0.51
	Purchase on 18 <sup>th</sup> of May 2018	100	0.00	25173	0.51
	Purchase on 07 <sup>th</sup> September 2018	6067	0.12	31240	0.63

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Purchase on 22 <sup>nd</sup> of February 2019	8069	0.16	39309	0.79
	Purchase on 08 <sup>th</sup> of March 2019	5472	0.11	44781	0.90
	Sale on 22 <sup>nd</sup> of March 2019	(2700)	0.05	42081	0.85
	Sale on 29 <sup>th</sup> of March 2019	(395)	0.01	41686	0.84
	At the End of the year			41686	0.84
5	Vsk Murthy Balijepalli				
	At the beginning of the year	24102	0.49	24102	0.49
	Purchase on 28 <sup>th</sup> of September 2018	2	0.00	24104	0.49
	Purchase on 14 <sup>th</sup> of December 2018	1	0.00	24105	0.49
	Purchase on 18 <sup>th</sup> of January 2019	1	0.00	24106	0.49
	At the End of the year			24106	0.49
6	Pankaj Kumar Ramawat				
	At the beginning of the year	23687	0.48	23687	0.48
	Purchase on 04 <sup>th</sup> of May 2018	1600	0.03	25287	0.52
	Purchase on 11 <sup>th</sup> of May 2018	137	0.00	25424	0.52
	Purchase on 01 <sup>st</sup> of June 2018	100	0.00	25524	0.52
	Purchase on 08 <sup>th</sup> of June 2018	2601	0.05	28125	0.57
	Purchase on 30 <sup>th</sup> of November 2018	500	0.01	28625	0.58
	Purchase on 07 <sup>th</sup> of December 2018	203	0.00	28828	0.59
	Purchase on 11 <sup>th</sup> of January 2019	22	0.00	28850	0.59
	Purchase on 18 <sup>th</sup> of January 2019	10	0.00	28860	0.59
	Sale on 25 <sup>th</sup> of January 2019	(10)	0.00	28850	0.59
	At the End of the year			28850	0.59
7	Pranav Kumarpal Parekh				
	At the beginning of the year	21554	0.44	21554	0.44
	At the End of the year			21554	0.44
8	Lal Tolani				
	At the beginning of the year	20675	0.42	20675	0.42
	At the End of the year			20675	0.42
9	Vinodchandra Mansukhlal Parekh				
	At the beginning of the year	19992	0.41	19992	0.41
	At the End of the year			19992	0.41
10	Atul Jitendra Agarwal				
	At the beginning of the year	18500	0.38	18500	0.38
	At the End of the year			18500	0.38

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rajender Kumar Agarwal Managing Director				
	At the beginning of the year	1219359	24.84	1219359	24.84
	At the End of the year			1219359	24.84
2	Surender Kumar Agarwal Independent Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
3	Manish Gupta Independent Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
4	Sushma Gupta Independent (Woman) Director				
	At the beginning of the year	185	0.004	185	0.004
	At the end of the year			185	0.004
5	B. Somasekhara Rao CFO & Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil

## V. INDEBTEDNESS

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

(Rs. in Lakhs)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total In- debtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	3451.05	300.13	-	3751.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3451.05</b>	<b>300.13</b>	<b>-</b>	<b>3751.18</b>
Change in Indebtedness during the financial year:				
• Addition	163.28	299		462.28
• Reduction	-	-		
<b>Net Change</b>				
Indebtedness at the end of the financial year:				
i) Principal Amount	3614.33	599.13	-	4213.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3614.33</b>	<b>599.13</b>	<b>-</b>	<b>4213.46</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		<b>Mr. Rajender Kumar Agarwal, Managing Director</b>	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		-
	- as % of profit		-
	- others, specify...		-
5.	Others, please specify Contribution to Provident fund		0.00
	<b>Total (A)</b>		<b>0.00</b>
	Ceiling as per the Act		60.00*

\*As per Section II Part II of Schedule V

**B. Remuneration to other Directors:**

(Rs. in Lakhs)

Sl. no.	Particulars of Remuneration	Name of the Directors			Total Amount
		Mr. Surender Kumar Agarwal	Mr. Manish Gupta	Ms. Sushma Gupta	
1.	<b>Independent Directors</b>				
	• Fee for attending board / committee meetings	0.21	0.21	0.12	0.54
	• Commission	-	-	-	-
	• Others- Incidental Expenses	-	-	-	-
	<b>Total (1)</b>	<b>0.21</b>	<b>0.21</b>	<b>0.12</b>	<b>0.54</b>
2.	Other Non-Executive Directors	<b>None</b>			
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>0.21</b>	<b>0.21</b>	<b>0.12</b>	<b>0.54</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>0.54</b>
	Overall Ceiling as per the Act (for Independent Directors)	9.00*	9.00*	5.00*	23.00*

\*Rs. 1 lac per each meeting attended

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

(Rs. in Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel
		Mr. B. Somasekhara Rao, CFO & Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.06
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify..	-
5.	Others, please specify Contribution to Provident fund	0.45
	<b>Total</b>	<b>17.51</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

## **MANAGEMENT DISCUSSION ANALYSIS FORMING PART OF THE ANNUAL REPORT ANNEXURE – IV**

### **1. INDUSTRY STRUCTURE, DEVELOPMENT AND PRODUCT WISE PERFORMANCE**

The Company is in the business of manufacturing of Cotton, Polyester, polyester- viscose, Blended Yarns and readymade garments at its factories situated at Aliabad, Shameerpet Mandal, Rangareddy District in the state of Telangana and Rajna, Madhya Pradesh, catering to both domestic and the export markets.

Indian Textile & Garment industry is one of the largest in the world. Most of the processing units in India are independent units, with some being integrated with spinning, weaving or knitting units.

### **2. GLOBAL ECONOMIC SCENARIO**

The global economy has clocked a growth of 3.6% in the year 2018 even though the growth has declined in the second half owing US-China trade war dispute and slow down among developed markets. The economic growth is expected to improve to about 7.5% in FY 2019-20 according to world Bank forecast. India will be the world's fastest growing large economy .

### **3. INDIAN TEXTILE INDUSTRY**

The domestic textile industry in India is expected to reach \$223 billion by 2021 .Exports contribute major revenue to the exchequer and is expected to increase to \$82 billion by 2021.Government of India has allocated Rs.5831.48 Crores to textiles industry .Government of India announced a special package to increase exports by US\$ 31 Billion during 2018-2020.There are 47 on going Textile Parks under the Scheme of Integrated Textile Parks for which government has allocated Rs.30 Crores .

The Indian Textile Industry is one of the largest and oldest industries in the country both in the organized and unorganized sector. The Textile Industry plays a crucial factor in terms of generation of employment, after agriculture.

### **3. OPPORTUNITIES AND THREATS**

#### **Opportunities:**

India is complete due to low power and labour cost and ideally placed for the world's garment requirements. The US-China tariff war is expected to be a boon on India's Textile products. This will help in increasing global share in textile exports.

#### **Threats:**

The over all economic situation and mismatch in selling and raw material prices is leading to industry crisis. Slow down in lending for fresh projects / working capital requirements by banks is a negative factor for textile industry. Raw material which is dependent on excess or shortage of monsoons plays a key role in raw material prices. Availability of raw material at reasonable prices is also crucial for spinning industry.

### **4. RISKS AND CONCERNS:**

Weak demand and excess supply coupled with excess capacity is the crippling factor in the textile Industry. The intense completion from China, bangladesh, Taiwan, Srilanka and other emerging economies. Availability of finance for working capital / long term capital requirements due to slow down and cautious lending by banks and financial institutions.MSP being above than prevailing global prices by 25% approximately is a cause of concern. Industry is weighing various options China cutting down imports is worsening situation.

### **5. OUT LOOK:**

Government's efforts in releasing refunds blocked previously towards input tax credit is a sign of relief which improves working capital. Compared to cotton Polyester is the fiber due to its segmentation into home furnishing ,personal and hygiene applications ,apparel automotive etc.

With an expected revival in demand the textile business turnaround is most promising. These factors will go a long way in improving company's' business.

**6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate internal control system commensurate with the size and complexity of the organization. The Company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the Company and also upgraded the IT support systems. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

**7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

There are no material developments in the Human Resources area. The industrial relations have been generally satisfactory. The Company constantly reviews the man power requirements and has a properly equipped Department to take care of the requirements. The total number of people employed by the Company as on 31.03.2019 was 173.

**8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

In view of the financial problems faced by the company the company' operations were higher to the extent of Rs. 3333.19 lacs in the previous financial year 2017-18 and it is decreased to Rs. 2033.83 lacs during the financial year 2018-19 .

**9. ACCOUNTING TREATMENT**

In the preparation of the financial statements the Company has followed the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with relevant rules there under . The Significant Accounting policies which are consistently applied have been set out in the notes to the financial statements.

**CAUTIONAERY STATEMENT**

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

**Form No. AOC-2**

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

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

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

There were no related party transactions that were not at arm's length basis.

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

(a)	Name(s) of the related party and nature of relationship	Rishikesh Yarns
(b)	Nature of contracts/arrangements/transactions	Jobwork charges collected
(c)	Duration of the contracts / arrangements / transactions	It is a continuing contract
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Jobwork charges collected Rs. 1499.57 lakhs
(e)	Justification for entering into such contracts or arrangements or transactions	The transaction is in the ordinary course of business and at arm's length
(f)	Date(s) of approval by the Board	14.08.2018 and approved in AGM held on 29.09.2018
(g)	Amount paid as advances, if any:	-

**By order of the Board  
For Suryavanshi Spinning Mills Limited**

Place: Secunderabad  
Date: 14.08.2019

**Rajender Kumar Agarwal  
Managing Director  
DIN: 00041892**

---

## Independent Auditor's Report

To the Members of  
**SURYAVANSHI SPINNING MILLS LIMITED,**  
SECUNDERABAD

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of **SURYAVANSHI 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 except for the effects of the matter described in the basis for qualified opinion para the afore said Ind As 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 loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- i) The company did not provide interest on working capital loans and term loans with SBI and Andhra Bank amounting to Rs.680.74 Lakhs for the year under review and Rs. 1283.51 Lakhs up to 31st March 2019 from the date of account became NPA. In the absence of statement of account, the above amount has been arrived at as per calculation made by the company.
- ii) Substantial amount of statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs.1,54,96,629/- have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

Consequent to the above, loss for the year and Liabilities as at 31st March 2019 was understated and Shareholders funds are overstated to this extent.

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 qualified audit opinion on the financial statements.

#### Material Uncertainty Related to Going Concern

We draw attention to note no. 43 of the financial statements with regard to the Company has recorded accumulated losses of Rs. 2555.12 lakhs as at 31st March 2019, resulting in complete erosion of net worth and current liabilities exceed current assets by Rs. 2367.86 Lakhs. Further there were lower cash inflows from existing business activities and the Company has defaulted in payment of dues to banks/ Financial Institutions and could not comply with the terms of sanction and/or repayment schedule of the lending institutions and banks. Banks have issued notices under SARFAESI Act. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern. However, the accompanying financial have been prepared on "Going Concern" basis for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

## Emphasis of Matter

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

- i) Note No 41 of the financial statements relating to non-provision of interest for delay in payment to MSME suppliers.
- ii) Note No. 44 of financial statements, relating to confirmation of balances in respect of trade receivables and trade payables.

Our opinion is not qualified in respect of these matters.

## 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. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going concern section of our report, 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><b><u>Evaluation of uncertain tax positions</u></b></p> <p><i>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes</i></p> <p><b>Refer to Notes: no 40 (d) to the Financial Statements</b></p>	<p><b><u>Principal audit procedures</u></b></p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• Obtained understanding of key uncertain tax positions; and</li> <li>• We along with our internal tax experts –               <ul style="list-style-type: none"> <li>• evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter;</li> <li>• Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;</li> <li>• Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and</li> <li>• Assessed management's estimate of the possible outcome of the disputed cases;</li> </ul> </li> </ul> <p>Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.</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.

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.

When we read the Annual report, if 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 Standalone financial statements.

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - b) in our opinion, except for the indeterminate effects of the matters referred to in Basis for Qualified opinion paragraph above, 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) Except for the matters referred to in Basis for Qualified opinion paragraph above, 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:
  - h) No managerial remuneration was paid during the year under review. Accordingly, reporting under requirements of section 197 doesn't apply.
  - i) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note no 39 (b) to (g) of financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required, 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

**(M.NAGA PRASADU)**  
Partner  
Membership No. 231388

### Annexure - A to the Auditor's Report:

The Annexure referred to in Para I under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members SURYAVANSHI 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 immovable properties have been transferred to SURYAVANSHI SPINNING MILLS LIMITED, (Resulting company) as per the scheme of demerger approved by Hon'ble High Court at Hyderabad.
2.		According to information and explanation given to us physical verification of inventory has been conducted at reasonable intervals by the management. However, we did not have occasion to overview the physical stock taking. Further according to information and explanation given to us no material discrepancy was noticed in such verification by management
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 not 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. According to the information and explanations given to us, 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 are as follows.																														
		<table border="1"> <thead> <tr> <th>Name of Statute</th> <th>Nature of the dues</th> <th>Amount (In Lakhs)</th> <th>Period to which the amount relates (Financial Year)</th> <th>Due Since</th> <th>Date of Payment</th> </tr> </thead> <tbody> <tr> <td>TS VAT</td> <td>Central Sales Tax</td> <td>40.87</td> <td>2016-17 &amp; 2017-2018</td> <td>Since June, 2016</td> <td>Not yet paid</td> </tr> <tr> <td>APGST</td> <td>Sales tax Deferment</td> <td>42.39</td> <td>2016-17 &amp; 2017-2018</td> <td>Since June 2017</td> <td>Not yet paid</td> </tr> <tr> <td>Employees provident Fund Act</td> <td>Provident Fund Contribution</td> <td>49.14</td> <td>2017-2018 &amp; 2018-2019</td> <td>June, 2016</td> <td>Not Yet Paid</td> </tr> <tr> <td>Employees State Insurance Act</td> <td>Employees State Insurance</td> <td>22.56</td> <td>2017-2018 &amp; 2018-2019</td> <td>Apr, 2018</td> <td>Not Yet Paid</td> </tr> </tbody> </table>	Name of Statute	Nature of the dues	Amount (In Lakhs)	Period to which the amount relates (Financial Year)	Due Since	Date of Payment	TS VAT	Central Sales Tax	40.87	2016-17 & 2017-2018	Since June, 2016	Not yet paid	APGST	Sales tax Deferment	42.39	2016-17 & 2017-2018	Since June 2017	Not yet paid	Employees provident Fund Act	Provident Fund Contribution	49.14	2017-2018 & 2018-2019	June, 2016	Not Yet Paid	Employees State Insurance Act	Employees State Insurance	22.56	2017-2018 & 2018-2019	Apr, 2018	Not Yet Paid
Name of Statute	Nature of the dues	Amount (In Lakhs)	Period to which the amount relates (Financial Year)	Due Since	Date of Payment																											
TS VAT	Central Sales Tax	40.87	2016-17 & 2017-2018	Since June, 2016	Not yet paid																											
APGST	Sales tax Deferment	42.39	2016-17 & 2017-2018	Since June 2017	Not yet paid																											
Employees provident Fund Act	Provident Fund Contribution	49.14	2017-2018 & 2018-2019	June, 2016	Not Yet Paid																											
Employees State Insurance Act	Employees State Insurance	22.56	2017-2018 & 2018-2019	Apr, 2018	Not Yet Paid																											
	b.	According to the records of the Company and the information and explanations given to us, the dues of Sales tax, Income tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of dispute are as follows:																														
		<table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of the dues</th> <th>Amount (Rs. in Lakhs)</th> <th>Period to which the amount relates (Financial Year)</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>Andhra Pradesh General Sales Tax (APGST) Act, 1957</td> <td>Sales Tax dues</td> <td>23.51</td> <td>2001-2002</td> <td>Hon'ble High Court, Hyderabad</td> </tr> </tbody> </table>	Name of the Statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending	Andhra Pradesh General Sales Tax (APGST) Act, 1957	Sales Tax dues	23.51	2001-2002	Hon'ble High Court, Hyderabad																				
Name of the Statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending																												
Andhra Pradesh General Sales Tax (APGST) Act, 1957	Sales Tax dues	23.51	2001-2002	Hon'ble High Court, Hyderabad																												
8.	In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans to financial institutions and Banks.																															
		<table border="1"> <thead> <tr> <th>Name of the Bank</th> <th>Amount of default as at the Balance Sheet date (Rs in Lakhs)*</th> <th>Due from</th> </tr> </thead> <tbody> <tr> <td>Term Loans</td> <td></td> <td></td> </tr> <tr> <td>i) Andhra Bank – I</td> <td>36.27</td> <td>From Sep'2016</td> </tr> <tr> <td>ii) Andhra Bank – II</td> <td>213.60</td> <td>From Sep'2016</td> </tr> <tr> <td>iii) Andhra Bank -Corp</td> <td>1043.00</td> <td>From Sep'2016</td> </tr> <tr> <td>iv) SBH – Corp</td> <td>447.50</td> <td>From Sep'2016</td> </tr> <tr> <td>Working capital Loans</td> <td></td> <td>From Sep'2016</td> </tr> <tr> <td>Andhra Bank</td> <td>1202.78</td> <td></td> </tr> <tr> <td>SBH</td> <td>418.51</td> <td></td> </tr> </tbody> </table>	Name of the Bank	Amount of default as at the Balance Sheet date (Rs in Lakhs)*	Due from	Term Loans			i) Andhra Bank – I	36.27	From Sep'2016	ii) Andhra Bank – II	213.60	From Sep'2016	iii) Andhra Bank -Corp	1043.00	From Sep'2016	iv) SBH – Corp	447.50	From Sep'2016	Working capital Loans		From Sep'2016	Andhra Bank	1202.78		SBH	418.51				
Name of the Bank	Amount of default as at the Balance Sheet date (Rs in Lakhs)*	Due from																														
Term Loans																																
i) Andhra Bank – I	36.27	From Sep'2016																														
ii) Andhra Bank – II	213.60	From Sep'2016																														
iii) Andhra Bank -Corp	1043.00	From Sep'2016																														
iv) SBH – Corp	447.50	From Sep'2016																														
Working capital Loans		From Sep'2016																														
Andhra Bank	1202.78																															
SBH	418.51																															
		*Total Principal dues excluding interest																														
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) and Term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Companies (Auditor's Report) Order 2016 is not applicable.																															
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 not paid any remunerations to directors. Accordingly, paragraph 3(xi) of the Companies (Auditor's Report) Order 2016 is not applicable.
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

**(M.NAGA PRASADU)**  
Partner  
Membership No. 231388

Place: Hyderabad  
Date : 30.05.2019

## **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 **SURYAVANSHI 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 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.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following weaknesses has been identified as at March 31,2019.

The Company did not obtain comparative quotes for the prices paid/ received relating to the transactions with related parties to ensures that those transactions were entered into at armlength prices.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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”.

We have considered the weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company, and these weaknesses do not affect our opinion on the financial statements of the company

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

**(M.NAGA PRASADU)**  
Partner  
Membership No. 231388

Place: Hyderabad  
Date : 30.05.2019

**BALANCE SHEET AS AT MARCH 31, 2019**

Amount in Rs. Lakhs

Particulars	Note No.	As at March 31,2019	As at March 31,2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	2,930.50	3,113.17
(b) Capital work-in-progress	5	4.36	4.35
(c) Intangible assets	6	0.13	0.13
(d) Financial Assets			
(i) Loans	7	174.36	146.17
(ii) Investments	8	7.87	9.10
<b>TOTAL Non - Current Assets</b>		<b>3,117.22</b>	<b>3,272.92</b>
<b>Current assets</b>			
(a) Inventories	9	191.19	217.98
(b) Financial Assets			
(i) Trade receivables	10	126.93	214.30
(ii) Cash and cash equivalents	11	337.38	18.49
(iii) Cash and bank balances other than (b) above			0.02
(iv) Others financial assets	12	9.53	10.93
(c) Current tax assets		176.19	145.20
(d) Other current assets	13	353.27	306.66
<b>TOTAL Current Assets</b>		<b>1,194.49</b>	<b>913.58</b>
<b>Total Assets</b>		<b>4,311.71</b>	<b>4,186.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14	491.08	491.08
(b) Other Equity	15	(1,417.52)	(1,111.27)
<b>Total Equity</b>		<b>(926.44)</b>	<b>(620.19)</b>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	16	1,565.90	1,454.77
(b) Provisions	17	91.93	112.46
(c) Other Non-Current Liabilities		17.97	26.12
<b>Total Non - Current Liabilities</b>		<b>1,675.80</b>	<b>1,593.35</b>
<b>Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	18	1,661.54	1,667.83
(ii) Trade payables	19		
- due to other then micro and small enterprises		516.36	467.99
- due to micro and small enterprise		16.57	34.05
(b) Other financial liabilities	20	776.33	607.74
(c) Other current liabilities	21	357.27	216.95
(d) Provisions	22	234.28	218.33
<b>Total Current liabilities</b>		<b>3,562.35</b>	<b>3,213.34</b>
<b>Contingent Liabilities and Commitments</b>			
<b>Total Equity and Liabilities</b>		<b>4,311.71</b>	<b>4,186.50</b>
Significant accounting policies	2 & 3		

The notes referred to above, form an integral part of these financial statements.

per our report of even date

For and on behalf of Board of Directors  
**Suryavanshi Spinning Mills limited**

**For K.S.Rao & Co.**  
Chartered Accountants  
Firms' Registration Number: 003109S

**R.K. Agarwal**  
Managing Director

**Surender kumar Agarwal**  
Director

**M.Naga Prasads**  
Partner  
Membership Number:231388

**B.Somasekhara Rao**  
Chief Financial Officer  
and Company Secretary

Place: Hyderabad  
Date: 30th May, 2019

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019** Amount in Rs. Lakhs

Particulars		Note No.	For the year ended March 31,2019	For the year ended March 31,2018
I.	Revenue from Operations	23	2,009.81	3,300.12
II.	Other Income	24	24.01	33.07
III.	<b>Total Income (I + II)</b>		<b>2,033.82</b>	<b>3,333.19</b>
IV.	Expenses			
	Cost of Materials Consumed	25	266.10	1,404.81
	Purchases of Stock-in-Trade		179.79	-
	Changes in inventories of Stock-In-Trade	26	(19.73)	449.78
	Employee Benefits Expense	27	578.44	694.41
	Finance Cost	28	54.91	70.99
	Depreciation and amortisation expense	29	183.68	191.17
	Other expenses	30	1,130.99	1,139.22
	<b>Total expenses (IV)</b>		<b>2,374.18</b>	<b>3,950.38</b>
V.	Profit /Loss before exceptional items and tax (III - IV)		(340.35)	(617.19)
VI.	Exceptional items		-	262.72
VII.	Profit/Loss before tax (V + VI)		(340.35)	(354.47)
VIII.	Tax Expenses:			
	a. Current Tax			
	i. Relating to current period		-	-
	b. Deferred tax liability /(Asset)			
	i On Temporary Differences		-	-
	Total Tax Expenses (VIII)		-	-
IX.	Profit for the period (VII - VIII)		(340.35)	(354.47)
X.	Other Comprehensive income	31		
	i. Items that will not be reclassified subsequently to profit or loss		0.70	2.83
	ii. Income tax relating to items that will not be reclassified to profit or loss		-	
	<b>Total Other Comprehensive Income for the period (VIII)</b>		<b>0.70</b>	<b>2.83</b>
XI.	Total Comprehensive Income for The Period (VII + VIII)		(339.65)	(351.64)
XII.	Earnings per equity share from Continuing operations:	32		
	Basic and Diluted		(6.92)	(7.22)
	Significant accounting polices	2 & 3		

The notes referred to above, form an integral part of these financial statements.  
per our report of even date

For and on behalf of Board of Directors  
**Suryavanshi Spinning Mills limited**

**For K.S.Rao & Co.**  
Chartered Accountants  
Firms' Registration Number: 003109S

**R.K. Agarwal**  
Managing Director

**Surender kumar Agarwal**  
Director

**M.Naga Prasadu**  
Partner  
Membership Number:231388

**B.Somasekhara Rao**  
Chief Financial Officer  
and Company Secretary

Place: Hyderabad  
Date: 30th May, 2019

## Statement of Changes in Equity for the year ended March 31, 2019

Amount in Rs. Lakhs

### I Equity Share capital

Particulars	At the beginning of the year	Changes during the year	At the end of the year
For the year ended March 31, 2019	491.08	-	491.08
For the year ended March 31, 2018	491.08	-	491.08

### II Other Equity

(Rs in Lakhs.)

Particulars	Reserves and Surplus				Equity Portion on Interest free unsecured Loan from Directors	Total Equity
	Securities Premium	capital redemption reserve	Export Allowance Reserve	Surplus in Statement of Profit and Loss		
<b>Balance as on 01.04.2018</b>	<b>1,048.61</b>	<b>8.00</b>	<b>5.50</b>	<b>(2,214.77)</b>	<b>10.43</b>	<b>51.82 (1,111.27)</b>
Profit/Loss for the year	-	-	(340.35)	-	-	(340.35)
Other comprehensive income	-	-	-	0.70	0.70	0.70
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.70</b>	<b>-</b>	<b>(339.65)</b>
Equity portion of loan from Directors	-	-	-	-	-	33.40
<b>As at March 31, 2019</b>	<b>1,048.61</b>	<b>8.00</b>	<b>5.50</b>	<b>(2,555.12)</b>	<b>(9.03)</b>	<b>85.22 (1,417.52)</b>

See accompanying notes forming part of financials statements

per our report of even date

For and on behalf of Board of Directors  
**Suryavanshi Spinning Mills limited**

**For K.S.Rao & Co.**

Chartered Accountants

Firms' Registration Number: 003109S

**R.K. Agarwal**

Managing Director

**Surender kumar Agarwal**

Director

**M.Naga Prasadu**

Partner

Membership Number:231388

**B.Somasekhara Rao**

Chief Financial Officer

and Company Secretary

Place: Hyderabad

Date: 30th May, 2019

**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2019**

Amount in Rs. Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I Cash flow from operating activities:</b>		
<b>A. Profit before tax</b>	<b>(340.35)</b>	(354.47)
<b>B. Adjustment for:</b>		
a. Depreciation and amortisation	<b>183.68</b>	191.17
b. Interest income	<b>(9.86)</b>	(12.44)
c. Dividend Income	<b>(0.07)</b>	(0.11)
d. Unrealised (gain)/loss on Investments (net)	<b>1.23</b>	1.61
e. Profit)/Loss on sale of fixed assets	<b>0.20</b>	(0.21)
f. Provisions Written back	<b>(1.47)</b>	(1.91)
g. Unrealized foreign exchange gain	<b>(1.38)</b>	(2.31)
h. Finance cost	<b>13.51</b>	21.78
i. Bad Debts/Debit Balance written off	<b>1.68</b>	2.20
j. Other Comprehensive Income items	<b>0.70</b>	2.83
k. Interest expense on unsecured loan	<b>29.69</b>	22.77
l. Interest expense on Sales Tax deferment	<b>7.79</b>	10.02
m. Income on Government Grant	<b>(8.15)</b>	(11.17)
	<b>(122.81)</b>	(130.23)
<b>C. Adjustment for movements in Working capital</b>		
a. Trade payables,	<b>31.92</b>	(77.94)
Other liabilities and Provisions	<b>304.33</b>	193.10
b. Trade receivables	<b>87.07</b>	(53.15)
c. Inventories	<b>26.78</b>	527.77
d. Financial and other current assets	<b>(46.97)</b>	(0.47)
(Net of fair value adjustment on deposits)		
<b>D. Cash generated from Operations</b>	<b>280.33</b>	459.08
Less: Direct taxes Paid	<b>(30.99)</b>	(14.05)
<b>Net cash flow from operating activities (I)</b>	<b>249.34</b>	445.03

**CASH FLOW STATEMENT (Contd.)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>II Cash flows from investing activities</b>		
a. Purchase of fixed assets, including CWIP	<b>(9.25)</b>	(4.54)
b. Proceeds from sale of fixed assets	<b>8.47</b>	0.80
d. Redemption/maturity of bank deposits	-	5.00
e. Sale/(Purchase) of investments	<b>(0.00)</b>	-
Proceeds from deposits on maturity	<b>(28.19)</b>	80.71
f. Interest received	<b>11.63</b>	14.12
Net cash flow from/ (used in) investing activities (II)	<b>(17.34)</b>	96.09
<b>III Cash flows from financing activities</b>		
a. Interest paid	<b>(13.93)</b>	(253.52)
Proceeds from Loans & borrowings	-	-
Repayments of Loans & borrowings	<b>100.75</b>	(302.44)
b. Dividends Income	<b>0.07</b>	0.11
Net cash flow from/ (used in) financing activities (III)	<b>86.89</b>	(555.85)
<b>IV Net (decrease) in cash and cash equivalents (I + II + III)</b>	<b>318.89</b>	(14.72)
Cash and cash equivalents at the beginning of the year	<b>18.48</b>	33.20
<b>V Cash and cash equivalents at the end of the year</b>	<b>337.38</b>	18.47
<b>VI Components of cash and cash equivalents:</b>		
a. Cash on hand	<b>11.05</b>	2.78
b. With banks		
i. on current account	<b>326.32</b>	15.69
<b>Total cash and cash equivalents (note no. I2)</b>	<b>337.38</b>	18.47

per our report of even date

**For K.S.Rao & Co.**  
Chartered Accountants  
Firms' Registration Number: 003109S

**M.Naga Prasadu**  
Partner  
Membership Number:231388

Place: Hyderabad  
Date: 30th May, 2019

For and on behalf of Board of Directors  
**Suryavanshi Spinning Mills limited**

**R.K. Agarwal**  
Managing Director

**Surender kumar Agarwal**  
Director

**B.Somasekhara Rao**  
Chief Financial Officer  
and Company Secretary

**01. Corporate Information**

Suryavanshi Spinning Mills Limited ( The 'Company' ) is a public limited Company incorporated on 27.12.1978 and its Registered Office is at 6th Floor, Surya towers, 105 S P Road, Secunderabad -500003 , Telangana State. the Company is engaged in manufacturing Polyester Yarn and Absorbent bleached cotton. at its manufacturing unit located at Aliabad, R R District at Telangana. The Company is listed on BSE.

The Financial Statements of the company for the year ended March 31, 2019 are approved by the Board of Directors of the company on May 30, 2019.

**02. Basis of preparation:**

This IND AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Here in after referred to as the "IND AS") as notified by the Ministry of Corporate Affairs pursuant to the Section 133 of the Companies Act, 2013 ("The Act") read along with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standard) Amendment Rules , 2016 and other relevant provisions of the Companies Act as applicable in India.

**3. Significant Accounting policies:**

a) Significant accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosures of contingencies at the end of the each reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes that requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

**Estimates and assumptions:**

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

**i. Impairment of non-current assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposals and its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm's length price, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The value in use is sensitive to the discount rate (generally weighted average cost of capital) used for the DCF model as well as the expected future cash-inflows and the growth rate used for exploration purposes.

**ii. Defined Benefit Plans:**

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

**iii. Fair Value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

**iv. Contingencies:**

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claim/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

**v. Property, Plant and Equipment:**

Based on evaluations done by technical assessment team, the management has adopted the useful life and residual value of its Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

**vi. Intangibles:**

Internal technical or user team assesses the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

**vii. Income Taxes:**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

**b) Current Vs Non-current classifications:**

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

An asset is treated as current when it satisfies below criteria:

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

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies below criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**c) Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost net of GST input credit, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, any attributable cost of bringing the asset to its working condition for its intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only if it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss in the period in which they are incurred.

The company adopted cost model as its accounting policy, in recognition of the Property, Plant and Equipment and recognises at the transaction value as the cost.

Direct expenditure incurred and other attributable costs on projects under construction or in the process of installation are termed as Capital work in progress and shown at cost in the Balance Sheet.

Depreciation is provided on the straight line method as per the useful life prescribed in the schedule II to the Companies Act, 2013 except in respect of the following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance supports etc.

Estimated useful life of the assets are as follows:

Type of the Asset	Method of Depreciation	Useful life considered
Buildings	Straight line Method	3 – 60 Years
Plant and Machinery	Straight line Method	5 - 15 Years
Data processing equipment	Straight line Method	3 Years
Furniture and fixtures	Straight line Method	10 Years
Vehicles	Straight line Method	8 Years
Office Equipment	Straight line Method	5 Years

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the carrying value, if any, is charged to Statement of Profit and Loss.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant, and equipment recognised as at March 31, 2016 measured as per Previous GAAP as the deemed cost of property plant and equipment.

**d) Intangible Assets:**

Intangible assets are carried at cost, net of accumulated amortisation expenses and impairment losses, if any. Cost of an intangible asset comprise of purchase price and attributable expenditure on making the asset ready for its intended use.

**Computer software:**

Costs incurred towards purchase of computer software are amortised over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognised.

**e) Impairment of tangible and intangible assets:**

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discounting factor. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. When there is an indication that previously recognised impairment losses no longer exists or may have decreased, then such impairment losses are recognised in the Statement of profit and loss.

**f) Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

**g) Inventories:**

**i. Stock-in-Trade (Finished Goods) and Stock-in-Process:**

Stock-in-Trade and Stock-in-Process are stated at the lower of cost and net realizable value. Net realisable value represents the estimated selling price of inventories less estimated costs of completion and costs necessary to make the sale. Cost is determined on weighted average basis.

**ii. Stores and Spares:**

Spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory. Spare parts, stand-by equipment and servicing equipment classified as inventory are stated at cost. Cost is determined on weighted average basis.

**iii. Raw Materials:**

Raw Materials are stated at Cost. Cost is determined on weighted average basis.

**h) Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2, or value in use in Ind AS 36.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety.

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

- i. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- ii. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- iii. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**i) Revenue recognition:**

**i. Revenue from operations:**

Revenue is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue from operations includes sale of goods, net of Goods and Service Tax (GST) and trade discounts, cash discounts and other discounts.

**ii. Interest/dividend:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

**iii. Incentives on Export Sales:**

Income from Incentives on Export Sales is recognised as income on accrual basis.

**j) Foreign currency transactions:**

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

**k) Retirement and other employee benefits:**

- i. Employer's contribution to Provident Fund, Employee State Insurance and Labour Welfare Fund which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.
- ii. Gratuity liability is in the nature of defined benefit obligation. The company's Plan Assets comprise of Gratuity non funded and liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each reporting period as per the requirements of Ind AS 19 on "Employee Benefits".

Actuarial gain/(loss) in the valuation are recognised as other comprehensive income for the period.

- iii. Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates and provided for on the basis of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".

**l) Earnings Per Share:**

Basic earnings per share is calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m) Provisions:**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

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

**n) Contingencies:**

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the balance sheet and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**o) Taxes on Income:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-off is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

**p) Prior period items:**

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

**q) Cash and cash equivalents:**

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

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft (if any) as they being considered as integral part of the company's cash management.

**r) Financial instruments:**

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

**Financial Assets:**

**A. Initial recognition and measurement:**

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

**B. Subsequent measurement:**

For subsequent measurement, financial assets are classified into following categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through profit and loss
- c. Equity instruments at fair value through profit and loss

**a. Debt Instruments at amortised cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

**b. Debt instrument at fair value through profit and loss (FVTPL):**

AS per the Ind AS 101 and Ind AS 109 company is permitted to designate the previously recognised financial asset at initial recognition irrecoverably at fair value through profit or loss on the basis of facts and circumstances that exists on the date of transition to Ind AS. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**c. Equity Instruments at fair value through profit and loss (FVTPL):**

Equity instruments in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the statement of profit and loss.

**C. Derecognition:**

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement.

**D. 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 amortised 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 recognised during the period is recognised 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.

**Financial liabilities:**

**A. Initial recognition and measurement:**

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

**B. Subsequent measurement:**

- a. Financial liabilities at fair value through profit or loss:  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and

financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the statement of profit and loss.

The company doesn't designate any financial liability at fair value through profit or loss.

b. **Financial liabilities at amortised cost:**

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss.

Financial liability with maturity of less than one year is shown at transaction value.

**C. Derecognition:**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss as other income or finance costs.

s) **Segment reporting:**

The Company has only one reportable business segment, which is textile products and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.

t) **Exceptional Items**

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional Item'.

u) **Standards issued, but not yet effective:**

The standards issued, but not effective up to the date of issuance of the company's financial statements are disclosed below.

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 with effect from 1st April, 2019.

The core principle of the new standard lies in identifying whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard modifies the accounting of leases in the books of lessee. At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The accounting for leases in the books of the lessor is substantially similar to the requirements of Ind AS 17.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as of annual periods beginning on or after April 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2019, will not be retrospectively adjusted. The cumulative effect of the initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

On a preliminary assessment effect on adoption of Ind AS 116 is assessed to be of limited impact on the financials of the Company."

Notes forming part of the financial statement as at 31st March, 2019

4 Property, Plant and Equipment

(Figures in Rs. Lakhs)

Particulars	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	Balance As at 1 April 2018	Additions	Disposals	Balance As at 1 April 2018	Depreciation for the year	On disposals	Balance as at 31st March 2019	Balance as at 31st March 2018
a								
Tangible Assets								
Land	6.13	-	-	0.00	-	-	6.13	6.13
<b>Buildings :</b>								
Factory Buildings	821.24	-	-	427.35	23.08	-	370.81	393.89
Non Factory Buildings- Non Resident	154.06	-	-	27.98	2.42	-	123.65	126.07
- Resident	114.44	-	-	22.53	1.80	-	90.11	91.91
Plant and Equipment :								
Plant And Machinery	5442.97	5.00	89.50	3090.54	130.30	81.28	2218.91	2352.43
Generators	28.66	4.25	-	27.24	0.00	-	5.66	1.42
Testing Equipment	18.04	-	-	16.97	0.03	-	1.04	1.07
Electrical Installations	205.85	-	-	140.48	8.98	-	56.39	65.37
Workshop Equipment	0.90	-	-	0.89	-	-	0.01	0.01
Weighing Machines	7.33	-	-	5.39	0.39	-	1.55	1.94
Water Works	16.67	-	-	15.39	0.10	-	1.18	1.28
Furniture & Fixtures	33.32	-	-	16.09	2.29	-	14.94	17.23
Office Equipment	13.46	-	-	11.18	0.52	-	1.76	2.28
Air Conditioners	26.95	-	-	11.58	2.11	-	13.25	15.36
Vehicles	176.37	-	-	141.53	11.26	-	23.58	34.84
Data Processing	37.30	-	-	35.37	0.40	-	1.53	1.93
<b>Grand Total</b>	<b>7103.68</b>	<b>9.25</b>	<b>89.50</b>	<b>3990.51</b>	<b>183.68</b>	<b>81.28</b>	<b>2930.51</b>	<b>3113.17</b>
5 Capital Work In Progress	4.36	-	-	-	-	-	4.36	3.61
6 Intangible Assets	0.13	-	-	-	-	-	0.13	0.13

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

Note No.	PARTICULARS	As at March 31,2019	As at March 31,2018
<b>7</b>	<b>Loans - Non Current:</b>		
	Security Deposits - Recoverable (Telephone, APSEB, Electricity,Coal deposits and others)	<b>174.36</b>	146.17
	<b>Total</b>	<b>174.36</b>	146.17
<b>8</b>	<b>Other Financial Assets - Non Current:</b>		
	<b>Investments in other companies-Quoted</b>		
	(i) Jindal Polyfilms Limited	<b>2.63</b>	3.12
	(ii) Artefact Projects Limited	<b>0.51</b>	0.82
	(iv) Andhra Bank	<b>1.60</b>	2.37
	(v) Icici Bank Ltd	<b>1.99</b>	1.39
	(vi) Coal India Limited	<b>1.04</b>	1.25
	(vii) Jindal Poly investment & Finance Company Limited	<b>0.08</b>	0.15
	<b>Total</b>	<b>7.87</b>	9.10
<b>9</b>	<b>Inventories:</b>		
a.	Raw materials	<b>38.68</b>	89.97
b.	Finished Goods	<b>63.70</b>	31.42
c.	Stores and Spares	<b>87.74</b>	82.97
d.	Work in Progress	-	12.54
e.	Others -Cotton & PV waste(at realizable value)	<b>1.07</b>	1.08
	<b>Total</b>	<b>191.19</b>	217.98
<b>10</b>	<b>Trade Receivables:</b>		
	Unsecured, Considered Good		
a.	Related Parties	-	-
b.	Others	<b>126.93</b>	214.30
	<b>Total</b>	<b>126.93</b>	214.30

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

Note No.	PARTICULARS	As at March 31,2019	As at March 31,2018
<b>11</b>	<b>Cash and cash equivalents:</b>		
A.	Balances in bank a/c's		
a.	Current Accounts	<b>326.30</b>	15.69
B.	Cash on Hand	<b>11.05</b>	2.79
C.	Post office Savings Bank	<b>0.02</b>	0.02
	<b>Total</b>	<b>337.38</b>	18.50
<b>12</b>	<b>Other financial assets - Current:</b>		
a.	Staff Advances	<b>0.65</b>	0.29
b.	Interest receivable	<b>8.88</b>	10.65
	<b>Total</b>	<b>9.53</b>	10.94
<b>13</b>	<b>Other Current Assets:</b>		
a.	Advance for purchase of raw material and stores	<b>338.31</b>	291.70
b.	Balance with Government departments	<b>3.50</b>	3.64
c.	Prepaid Expenses	<b>3.12</b>	2.99
d.	Export License Receivable	<b>7.10</b>	7.10
e.	Claims / Other receivables	<b>1.23</b>	1.23
	<b>Total</b>	<b>353.27</b>	306.66
<b>14</b>	<b>Share capital:</b>		
A.	Authorised Share Capital:		
	3,52,50,000 Equity Shares of Rs. 10/- each	<b>352,500.00</b>	352,500.00
		<b>352,500.00</b>	352,500.00
B.	Issue Share Capital:		
	49,13,076 Equity shares of Rs 10/- each	<b>491.31</b>	491.31
		<b>491.31</b>	491.31
C.	Subscribed and paid up capital:		
	49,08,576 Equity Shares of Rs.10 each	<b>490.86</b>	490.86
	Add: Forfeited Shares	<b>0.23</b>	0.23
		<b>491.08</b>	491.08

Note No.	PARTICULARS	As at March 31,2019	As at March 31,2018
<b>D.</b>	<b>Reconciliation of the shares outstanding at the beginning and at the end of year:</b>		
	<b>(A) Equity Share Capital</b>		
	In no. of Shares		
	At the Beginning and at the end of the period	<b>4,913,076</b>	4,913,076
	In value of Shares		
	At the Beginning and at the end of the period	<b>49,130,760</b>	49,130,760
<b>E.</b>	<b>Rights attached to the Equity Shares:</b>		
	(i) The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.		
<b>F.</b>	<b>Details of Shareholders holding more than 5% shares in the company:</b>		
	<b>(A) Equity Shares:</b>		
	a. Sri. Rajender Kumar Agarwal In no.s	<b>1,219,359</b>	1,219,359
	In %	<b>24.84%</b>	24.84%
	b. Smt. Yamunadevi Agarwal In no.s	<b>1,011,767</b>	1,011,767
	In %	<b>20.61%</b>	20.61%
	c. Badrinarayan Agarwal Family Trust In no.s	-	268,203
	In %	-	5.46%
	d. Narmada Bai In no.s	<b>6,19,374</b>	-
	In %	<b>12.62%</b>	-
	e. Westend Developers Ltd In no.s	<b>481,000</b>	481,000
	In %	<b>9.80%</b>	9.80%
<b>15</b>	<b>Other Equity:</b>		
	<b>A. Securities Premium</b>		
	At the beginning and at the end of the period	<b>1,048.61</b>	1,048.61
	Closing Balance	<b>1,048.61</b>	1,048.61
	<b>B. Capital Redemption Reserve</b>		
	At the commencement of the year	<b>8.00</b>	8.00
	Closing Balance	<b>8.00</b>	8.00
	<b>C. Export Allowance Reserve</b>		
	At the commencement of the year	<b>5.50</b>	5.50
	Closing Balance	<b>5.50</b>	5.50

Note No.	PARTICULARS	As at March 31,2019	As at March 31,2018
<b>D.</b>	<b>Surplus in Statement of Profit and Loss</b>		
a.	At the beginning of the period	(2,214.78)	(1,860.31)
	(+) For the current period	(340.35)	(354.47)
b.	Adjustment due to adoption of New IndAS	.	.
c.	At the end of the period	(2,555.13)	(2,214.78)
<b>E.</b>	<b>Other Comprehensive Income</b>		
	On Actuarial Gain/(loss) on post employment benefits		
a.	At the beginning of the period	(10.43)	(13.26)
b.	Profit Transferred from the statement of Profit and loss	0.70	2.83
c.	At the end of the period	(9.73)	(10.43)
<b>F.</b>	<b>Equity portion on Interest free unsecured loan from Directors</b>	85.22	51.82
	<b>Total</b>	(1,417.53)	(1,111.28)
<b>16</b>	<b>Borrowings - Non Current:</b>		
<b>A.</b>	<b>Term loans-Secured</b>		
a.	Andhra Bank -II	213.60	213.42
	Less: Current maturities	213.60	213.42
	<b>Sub total</b>	(0.00)	-
b.	Andhra Bank - I	36.27	36.27
	Less: Current maturities	36.27	36.27
	<b>Sub total</b>	-	-
c.	Andhra Bank Corporate Loan	1,039.08	1037.27
	Less: Current maturities	333.00	219.00
	<b>Sub total</b>	706.08	818.27
d.	State Bank of Hyderabad - Additional Term Loan	445.61	444.71
	Less: Current maturities	142.60	93.70
	<b>Sub total</b>	303.01	351.01
e.	Reliance Capital Limited	61.48	91.79
	Less: Current maturities	45.58	40.07
	<b>Sub total</b>	15.90	51.72
	<b>TOTAL</b>	1,024.99	1,221.00
	<b>NOTES:</b>		

The above term loans are secured by fixed assets (present and future) on first charge paripassu basis and second charge paripassu basis on current assets company with existing bankers and guaranteed by three guarantors.

**Terms of Repayment :**

Particulars	Rate of Interest	Quarterly Instalments
a) Andhra Bank -II	15.00%	4
b) Andhra Bank - Corporate Loan	14.75%	20
c) State Bank of Hyderabad - Additional Term loan	14.75%	20
d) Reliance Capital Limited	16.25%	27 (monthly)

PARTICULARS	As at March 31,2019	As at March 31,2018
<b>B. Unsecured loans</b>		
- Loans from related parties		
(i) Liability component of Unsecured Loan from Directors	375.91	169.23
(ii) Inter-corporate Deposits	118.34	25.66
<b>Sub total</b>	<b>494.25</b>	<b>194.89</b>
<b>C. Deferred Sales Tax Liability</b>	<b>46.67</b>	<b>38.88</b>
<b>Sub total</b>	<b>46.67</b>	<b>38.88</b>
<b>Total (A+B+C)</b>	<b>1,565.91</b>	<b>1,454.77</b>
<b>17 Provisions - Non Current:</b>		
Provision for employee benefits		
a. Leave Encashment (unfunded)	3.09	4.98
b. Provision for Gratuity	88.84	107.47
<b>Total</b>	<b>91.93</b>	<b>112.45</b>
<b>Other Non-Current Liabilities</b>		
a. Deferred Government Grant	17.97	26.12
<b>Total</b>	<b>17.97</b>	<b>26.12</b>
<b>18 Short term borrowings repayable on demand:</b>		
<b>a. Secured</b>		
(I) State Bank of Hyderabad		
Cash Credit	410.22	416.3
Packing Credit	8.29	8.29
(II) Andhra Bank		
Cash Credit	772.22	745.79
Packing Credit	230.56	257.21
Adhoc	200.00	200.00
<b>Sub-Total</b>	<b>1,621.29</b>	<b>1,627.59</b>

**NOTE:**

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

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

Note No.	PARTICULARS	As at March 31,2019	As at March 31,2018
<b>b.</b>	<b>Unsecured</b>		
a.	Sales tax deferment payable	40.24	40.24
	<b>Total</b>	<b>1,661.53</b>	<b>1,667.83</b>
<b>19</b>	<b>Trade Payables - Current:</b>		
a.	Small and Micro enterprises	16.57	34.50
b.	Others	516.36	467.99
	<b>Total</b>	<b>532.93</b>	<b>502.49</b>
<b>20</b>	<b>Other financial liabilities - Current:</b>		
A.	Current maturities of long term borrowings		
a.	Andhra Bank-I	36.27	36.27
b.	Andhra Bank -II	213.60	213.42
c.	Andhra Bank - Corporate Loan	333.00	219.00
d.	State Bank of Hyderabad-Working Capital Term Loan		-
e.	State Bank of Hyderabad - Additional Term loan	142.60	93.70
f.	Reliance Capital Limited	45.58	40.07
	<b>Sub Total</b>	<b>771.05</b>	<b>602.46</b>
B.	Security Deposits payables	5.28	5.28
	<b>Total (A+B)</b>	<b>776.33</b>	<b>607.74</b>
<b>21</b>	<b>Other current liabilities:</b>		
a.	Advance from Customers	96.85	5.63
b.	Statutory Dues	61.99	52.67
c.	Other payables	196.54	156.76
d.	Deferred Govt Grant	1.89	1.89
		<b>357.27</b>	<b>216.95</b>
<b>22</b>	<b>Provisions - Current:</b>		
A.	Provision for employee benefits		
a.	Provision for Gratuity	10.53	28.99
b.	Salary & Reimbursements	123.01	113.96
c.	Contribution to PF & ESI	71.71	47.98
d.	Bonus Payable	28.84	26.62
e.	Provision for Leave Encashment	0.19	0.78
	<b>Total</b>	<b>234.28</b>	<b>218.33</b>

Note No.	PARTICULARS	For the year ended March 31,2019 Ind AS	For the year ended March 31,2018 Ind AS
<b>23</b>	<b>Revenue from Operations:</b>		
	<b>A. Domestic Sales</b>		
	a. Yarn	5.29	2360.95
	b. Medical Textiles	285.79	4.18
	c. Cotton Waste	24.39	24.26
	d. Job Work Charges Collected	1,499.57	643.2
	e. Traded Cotton	194.78	-
	<b>B. Export Sales</b>		
	a. Medical Textiles	-	267.53
	<b>Total</b>	<b>2,009.81</b>	<b>3,300.12</b>
<b>24</b>	<b>Other Income:</b>		
	<b>A. Interest Income on</b>		
	Bank Deposits	9.86	12.44
	<b>B. Other Non-operating Income (Net of Expenses)</b>		
	a. Dividend Income	0.07	0.11
	b. Gain on foreign currency transactions & translation	1.38	2.40
	c. Export benefits entitlement	-	4.13
	d. Profit on sale of Assets	3.08	0.21
	e. Excess Provision /Credit Balance written Back	1.47	1.91
	f. Prior Period Income	-	0.70
	g. Government Grant Income	8.15	11.17
	<b>Total</b>	<b>24.01</b>	<b>33.07</b>
<b>25</b>	<b>Cost of Materials Consumed</b>		
	Opening Stock	89.97	152.44
	Add : Purchases	214.80	1342.34
		<b>304.77</b>	<b>1,494.78</b>
	Less : Closing Stock	38.67	89.97
	<b>Total</b>	<b>266.10</b>	<b>1,404.81</b>

Note No.	PARTICULARS	For the year ended March 31,2019 Ind AS	For the year ended March 31,2018 Ind AS
<b>26</b>	<b>Changes in inventories of Stock-In-Trade:</b>		
a.	Inventory at the beginning of the period		
	Yarn	12.26	328.24
	Medical Textiles	19.15	26.32
	Stock-in-Process	12.55	138.59
	Cotton waste	1.08	1.67
	<b>Total</b>	<b>45.04</b>	<b>494.82</b>
b.	Inventory at the end of the period		
	Yarn	7.48	12.26
	Medical Textiles	56.22	19.15
	Stock-in-Process	-	12.55
	Cotton waste	1.07	1.08
	<b>Total</b>	<b>64.77</b>	<b>45.04</b>
	(Increase)/Decrease in Stock	<b>(19.73)</b>	<b>449.78</b>
<b>27</b>	<b>Employee Benefits Expense:</b>		
a.	Salaries, Wages and Bonus	506.69	605.26
b.	Contribution to Provident Fund	17.76	24.82
c.	Staff Welfare Expenses	13.53	16.69
d.	Gratuity	30.43	36.24
e.	Contribution to Employee State Insurance	10.03	11.4
	<b>Total</b>	<b>578.44</b>	<b>694.41</b>
<b>28</b>	<b>Finance Costs</b>		
a.	Interest on Borrowings	13.51	21.78
b.	Other Borrowing costs	3.93	16.42
c.	Interest on Unsecured loans	29.69	22.77
d.	Interest on Sales Tax Deferment	7.78	10.02
	<b>Total</b>	<b>54.91</b>	<b>70.99</b>
<b>29</b>	<b>Depreciation and amortisation expense:</b>		
a.	Depreciation on Property ,Plant and Equipment	183.68	191.17
	<b>Total</b>	<b>183.68</b>	<b>191.17</b>

Note No.	PARTICULARS	For the year ended March 31,2019 Ind AS	For the year ended March 31,2018 Ind AS
<b>30</b>	<b>Other expenses:</b>		
A.	Power & Fuel		
	(i) Electricity Charges	<b>693.79</b>	694.93
B.	Stores & Spare parts consumption :		
	(i) Consumable Stores	<b>55.54</b>	8.97
	(ii) Packing Material Consumed	<b>68.69</b>	75.26
	(iii) Consumption Of Fire Wood	<b>15.11</b>	12.77
C.	Payments to the auditor as		
	(i) Audit fee	<b>1.20</b>	1.06
D.	Repairs to : Buildings	<b>13.21</b>	6.45
	: Machinery	<b>66.14</b>	90.52
	: Others	<b>6.33</b>	16.73
E.	Insurance	<b>7.93</b>	14.29
F.	Rates and taxes, excluding, taxes on income	<b>12.75</b>	9.41
G.	Printing and Stationery	<b>3.58</b>	4.13
H.	Postage, Telegrams and Telephones	<b>3.93</b>	5.67
I.	Travelling and Conveyance	<b>17.23</b>	10.89
J.	Managerial Remuneration	-	31.02
K.	Directors' Sitting Fees	<b>1.01</b>	0.98
L.	Advertisement	<b>2.29</b>	1.58
M.	Commission on Sales	-	3.45
N.	Expenses on Sales	<b>1.63</b>	42.75
O.	Legal & Professional Charges	<b>8.07</b>	9.53
P.	Vehicle Maintenance	<b>20.30</b>	30.47
Q.	Bad debts and Debit balance written off	<b>1.68</b>	2.2
R.	Loss on Sale of Fixed Assets	<b>3.28</b>	-
S.	Miscellaneous expenses	<b>125.35</b>	63.71
T.	Loss on foreign currency transactions & translation	-	0.10
U.	Prior period items	<b>0.72</b>	0.74
V.	Fair value Loss on Investments	<b>1.23</b>	1.61
W.	Interest on Sales Tax Deferment	-	
	<b>Total</b>	<b>1,130.99</b>	1,139.22

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

Note No.	PARTICULARS	For the year ended March 31,2019 Ind AS	For the year ended March 31,2018 Ind AS
<b>31</b>	<b>Other comprehensive income:</b>		
	Actuarial Gain/(Losses) on Gratuity Expense for the period	0.70	2.83
	<b>Total</b>	<b>0.70</b>	<b>2.83</b>
<b>32</b>	<b>Earnings Per Equity Share:</b>		
a.	Profit/(Loss) for the period	(340.35)	(354.47)
b.	Weighted average number of equity shares of Rs. 10/-each	4,908,576	4,908,576
	Earnings per equity share (Basic and Diluted) - (a) / (b)	6.92	(7.22)

**33. Retirement Benefit Obligations:**

Note No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A.</b>	<b>Defined Contribution Plan (Expenses):</b>		
	Contribution to Provident Fund	17.76	24.82
	Contribution to Employee State Insurance	10.03	11.40
	Contribution to Labour Welfare Fund	-	0.04
<b>B.</b>	<b>Defined Benefit Plans (Gratuity):</b>		
<b>1.</b>	<b>Movement in Obligation – Gratuity:</b>		
	Present Value of Obligation at the beginning of year	136.47	106.59
	Current Service Cost	19.87	28.78
	Interest Cost	10.56	7.46
	Benefits Paid	(1.88)	(3.53)
	Actuarial (Gain)/Loss on Obligation	(65.65)	(2.83)
	<b>Present Value of Obligation at the end of year</b>	<b>99.37</b>	<b>136.47</b>
<b>2.</b>	<b>Movement in Plan Assets – Gratuity:</b>		
	Contributions during the year	1.88	3.10
	Benefits Paid during the year	(1.88)	(3.10)
	<b>Fair Value of Planned assets at the end of the year</b>	<b>-</b>	<b>-</b>

Note No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>3.</b>	<b>Expenses recognised in Profit and Loss Statement:</b>		
	<b>Gratuity: -</b>		
	Current Service Cost	19.87	28.78
	Net Interest Cost	10.56	7.46
	<b>Expense for the year</b>	<b>30.43</b>	<b>36.24</b>
<b>4.</b>	<b>Recognised in Other Comprehensive Income:</b>		
	Actuarial (Gain) /loss for the year	(65.65)	(2.83)
<b>5.</b>	<b>Actuarial Assumptions for estimating Company's Defined Benefit Obligation:</b>		
a.	Attrition Rate		
	Age at valuation date		
	18-30 years	4.00%	4.00%
	31-40 years	2.00%	2.00%
	41 and above years	1.00%	1.00%
b.	Discount Rate	7.63%	7.74%
c.	Expected Rate of Increase in Salary	5.00%	5.00%
d.	Mortality Rate	<b>Indian Assured Lives Mortality 2006-08 Ult.</b>	<b>Indian Assured Lives Mortality 2006-08 Ult.</b>
e.	Average Remaining Working Life	13.00 years	16.00 years
f.	Decrement Adjusted Future Service	11.93 years	13.62 years

**6. Sensitivity Analysis:**

Defined Benefit Obligation (Base)			99.37
Sensitivity	Change	Effect on obligations	
Discount Rate	+1%	92.31	
	-1%	(107.38)	
Salary Growth Rate	+1%	107.54	
	-1%	(92.05)	
Attrition Rates	+50%	100.26	
	-50%	(98.42)	
Mortality Rate	+10%	99.43	
	-10%	(99.31)	

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period.

7.	Expected Payouts – Undiscounted:	Amount
	Expected payments – 1 <sup>st</sup> year	1.05
	Expected payments – 2 <sup>nd</sup> to 5 <sup>th</sup> years	26.52
	Expected payments – 6 <sup>th</sup> to 10 <sup>th</sup> years	49.00
	Expected payments – More than 10 <sup>th</sup> year	123.31

**8. Other Information:**

**Present value of defined benefit obligation:**

Present value of the defined benefit obligation is calculated by using Projected Unit Credit method (PUC Method). Under the PUC method a “projected accrued benefit” is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The “projected accrued benefit” is based on the Plan’s accrual formula and upon service as of the beginning or end of the year, but using a member’s final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the “projected accrued benefits” as of the beginning of the year for active members.

**34. Income tax expense and Deferred Taxes:**

Particulars	For the year ended March 31, 2019	For the year Ended March 31, 2018
<b>Income Tax Expense</b>	-	-

**Note:** The Company has not recognized Deferred Tax Assets due to lack to reasonable certainty that deferred taxes will be reversed in near future.

**Effective Tax Reconciliation: -**

a.	Net Profit/(Loss) before taxes	(340.35)	(354.47)
b.	Tax rate applicable to the company as per normal provisions	26%	30.90%
c.	Tax expense on net profit (c = a*b)	(88.49)	(109.53)
d.	Increase/(decrease) in tax expenses on account of:		
i.	Effect of Accelerated Depreciation	-	(9.52)
ii.	Effect of Income exempt from Tax	-	(0.03)
iii.	Effect of expenses not deductible in determining taxable profits	58.12	32.66
iv.	Effect for deduction for expenses earlier disallowed	2.57	(1.68)
v.	Other adjustments	-	(12.47)
	<b>Net Increase/(decrease) in tax expenses</b>	<b>60.69</b>	<b>8.96</b>

**35. Fair Value of Financial Instruments:**

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

The fair value of the financial assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a. The fair values of the quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments is based on the Net Asset Value provided by the Management as on the date of reporting.
- b. Fair value of Deferred Sales Tax Liability and Unsecured Loans is calculated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Description of significant observable inputs to valuation:

- Deferred Sales Tax Liability and Unsecured Loans:  
Interest Rate factor has been considered at a rate currently available for debt on similar terms, by the company for discounting the amount receivable at the time of maturity.

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair values.

Particulars	Carrying Value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Financial Assets</b>				
<b>At Fair value through profit &amp; Loss</b>				
Investments in Equity Instruments	7.87	3.47	7.87	9.10
<b>At Amortised cost</b>				
Loans	174.36	146.17	174.36	146.17
Trade receivables	126.93	214.30	126.93	214.30
Cash and Bank Balances	337.38	18.51	337.38	18.51
Other Financial assets	9.53	10.93	9.53	10.93
<b>Total Financial Assets</b>	<b>648.2</b>	<b>393.38</b>	<b>648.2</b>	<b>399.01</b>
<b>Financial Liabilities</b>				
<b>At Amortised cost</b>				
Borrowings	3227.44	3,166.91	3227.44	3,122.43
Trade Payables	532.93	502.48	532.93	502.48
Other Financial liabilities	776.33	748.49	776.33	905.25
<b>Total Financial liabilities</b>	<b>4536.7</b>	<b>4,574.64</b>	<b>4536.7</b>	<b>4,530.17</b>

**Notes forming part of the financial statement as at 31st March, 2019**

(Figures In Rs.Lakhs)

**36. Fair Value hierarchy:**

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

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2019:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level - 1)	Significant observable inputs (Level - 2)	Significant unobservable inputs (Level - 3)
<b>Financial Assets:</b>				
<b>Designated at Fair Value through profit or loss:</b>				
Investments in quoted Equity instruments	7.87	7.87	-	-
<b>Designated at Amortised Cost:</b>				
Loans	174.36	-	-	174.36
Trade Receivables	126.93	-	-	126.93
Cash and Bank Balances	337.38	-	-	337.38
Other Financial Assets	9.53	-	-	9.53
<b>Financial Liabilities:</b>				
<b>Designated at Amortised Cost:</b>				
Borrowings	3227.44	-	-	3227.44
Trade Payables	532.93	-	-	532.93
Other Financial liabilities	776.33	-	-	776.33

**37. Related Party Transactions:**

During the year under reference the Company has entered following transactions with Related Parties:

**Names of the Related parties and description of relationship:**

**i) Key Management Personnel**

Name of the Key Management Personnel	Description of Relationship
Sri R.K.Agarwal	Managing Director

**ii) Relatives of Key Management Personnel**

Name of the relative of Key Management Personnel	Description of Relationship
Sri Rishikesh Agarwal	Son of Sri R.K. Agarwal
Smt. Yamuna Agarwal	Wife of Sri R.K. Agarwal
Smt. Narbada Agarwal	Mother of Sri R.K.Agarwal

**iii) Enterprises over which the Shareholders of the Company, KMP/relatives of KMP exercise Control or significant influence:**

1. M/S. Aananda Lakshmi Spinning Mills Limited
2. M/S. Sheshadri Industries Limited
3. M/S. Suryalakshmi Cotton Mills Limited
4. M/S. Suryavanshi Integrated Apparel Park Limited

**Note:** The details of related parties with whom the company has entered into transactions during the reporting periods have been disclosed.

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

a) **Transactions with Enterprises over which the Shareholders of the Company, KMP/relatives of KMP exercise Control or significant influence:**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>i) Purchase of Raw materials and spares</b>		
M/S. Aananda Lakshmi Spinning Mills Limited	-	-
<b>ii) Sale of Raw Material</b>		
M/S. Aananda Lakshmi Spinning Mills Limited	1.62	-
<b>iii) Purchase of Machinery</b>	-	-
<b>iv) Interest on Unsecured Loan</b>		
M/S.Suryalakshmi Cotton Mills Limited	-	2.43

b) **Transactions with Key Managerial Personnel**

(i) **Remuneration to Key Managerial Personnel**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Short-term Benefits	Post-employment benefits	Short-term Benefits	Post-employment benefits
Sri B.N.Agarwal	-	-	-	4.71
Sri R.K.Agarwal	-	-	-	28.41

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(ii) Unsecured loan Received (Net of Repayments)</b>		
Smt. Narmada Agarwal	-	1.52
Sri R.K.Agarwal	<b>206.87</b>	(4.99)
<b>(iii) Equity portion of Unsecured loan</b>		
Sri R.K.Agarwal	<b>32.50</b>	0.43
<b>(iv) Interest on Unsecured loans</b>		
Smt. Narmada Agarwal	-	1.52
Sri R.K.Agarwal	-	19.93

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>c) Transactions with relatives of Key Managerial Personnel</b>		
<b>(i) Employee Benefits</b>		
Mr. Rishikesh Agarwal	-	2.74
<b>(ii) Unsecured loan Received (Net of Repayments)</b>		
Mr. Rishikesh Agarwal	3.51	(15.09)
Mr. Yamuna Agarwal	-	3.49
<b>(iii) Equity portion of Unsecured loan</b>		
Mr. Rishikesh Agarwal	0.90	(1.74)
Mr. Yamuna Agarwal		0.65
<b>(iv) Interest on Unsecured loan</b>		
Mr. Rishikesh Agarwal	-	1.17
Mr. Yamuna Agarwal	-	0.15

**Outstanding balances at the year end**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a. Amounts due from related parties</b>		
<b>(i) Sale of raw materials</b>		
M/S. Aananda Lakshmi Spinning Mills Limited	1.62	214.21
M/S. Sheshadri Industries Limited	-	8.47
<b>(ii) Investments</b>		
M/S. Suryavanshi Integrated Apparel Park Limited – Investment	0.90	-
<b>b. Amounts due to related parties</b>		
<b>(i) Unsecured Loan</b>		
M/s. Suryalakshmi Cotton Mills Limited	25.66	25.66
Smt. Narmada Agarwal	12.00	12.00
Sri R.K.Agarwal	358.40	148.74
Sri Rishikesh Agarwal	8.51	5.00
Smt Yamuna Agarwal	4.00	3.49
<b>(ii) Equity portion of Unsecured Loan</b>		
Smt. Narmada Agarwal	4.19	4.19
Sri R.K.Agarwal	75.94	43.43
Sri Rishikesh Agarwal	4.45	3.55
Smt Yamuna Agarwal	0.65	0.65
<b>(ii) Purchase of Raw Material, Stores and Spares</b>		
M/s. Sheshadri Industries Limited	22.13	-

**38. Financial Risk Management objectives and policies:**

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimize potential and guidelines and there has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks or the manner in which it manages and measures the risks.

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

**i. Market Risk:**

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

**a. Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the Company's long-term debt obligations, advances, security deposits and cash and cash equivalents.

The company's policy is to manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings

**ii. Credit risk:**

Credit risk is the risk of loss that may arise on outstanding financial instruments when counter party default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposit), the Company minimizes the credit risk by dealing exclusively with high credit rating counter parties. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, Outstanding customer receivables are regularly monitored and any credits to new customers are generally covered by appropriate security in the form of deposits.

**a. Exposure to credit risk:**

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

**b. Credit risk concentration profile:**

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

**c. Financial assets that are neither past due nor impaired:**

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short-term deposits, investment securities that are neither past due nor impaired are placed with or entered with reputable banks, financial institutions or companies with high credit ratings and no history of default.

**Notes forming part of the financial statement as at 31st March, 2019**

(Figures In Rs.Lakhs)

**d. Financial assets that are either past due or impaired:**

Trade receivables that are past due or impaired at the end of the reporting period, for which life time expected credit loss has been provided by the company according to its policy. These are shown in the balance sheet at carrying value less impairment/expected credit loss.

**iii. Liquidity risk:**

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

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments which are payable within 12 months.

	Less than 12 months	1 to 3 years	More than 3 years	Total
<b>As at March 31, 2019</b>				
Borrowings	102.13	1825.78	1299.53	<b>3227.44</b>
Trade Payables	30.45	502.48	-	532.93
Other Financial Liabilities	126.03	650.30	-	776.33
<b>As at March 31, 2018</b>				
Borrowings	1,825.78	871.26	428.27	<b>3125.31</b>
Trade Payables	502.48	-	-	<b>502.48</b>
Other Financial Liabilities	650.30	-	-	<b>650.30</b>

**39. Capital Management:**

Particulars	As at March 31, 2019	As at March 31, 2018
Total Borrowings #	3227.44	3,725.06
<b>Net Debt</b>		
Equity	491.31	491.31
Other Equity*	(1147.34)	(1,111.27)
<b>Total Equity</b>	<b>(656.03)</b>	<b>(619.96)</b>
Debt/Equity ratio	(4.92)	(6.00)

# Total Borrowings includes Long-term and short-term borrowings, Loans from related parties, Deferred Sales Tax Liability and Cash and packing credits.

\*Other Equity includes securities premium, capital redemption reserve, export allowance, equity portion of unsecured loans.

**40. Contingencies and Commitments:**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Contingent Liabilities</b>		
a. Demand from Sales Tax Department, Andhra Pradesh in connection with levy of purchase tax on polyester staple fiber from Reliance Industries Limited, levy of tax on work contract receipts and withdrawal of deferment availed by the company for the year 2001-02. AP Sales Tax Appellate Tribunal set aside the order passed by the Sales Tax Authorities. The Department has challenged the said order before the Hon'ble High Court of AP. and the same is pending.	23.51	23.51
b. Central Sales Tax	40.87	40.87
c. Sales tax Deferment	42.39	25.41
d. Provident Fund Contribution	49.14	-
e. Employees State Insurance	22.56	-
f. M/s.Suryavanshi Textiles Ltd was amalgamated with Suryavanshi Spinning Mills Limited vide scheme of merger sanctioned by Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 with effect from 01-04-2007. The scheme incorporates certain reliefs and concessions for consideration by income tax department including exemption from applicability of MAT u/s. 115JB of the Income Tax Act, 1961 for a period of five years from 01-04-2007. The company is pursuing the matter with the authorities concerned for the said reliefs as per the scheme of merger and liability under MAT u/s 115JB of Income Tax Act 1961 including interest as per assessment orders is Rs. 41 lacs and Rs. 443 lacs for the assessment years 2010-11 and 2011-12 respectively. Company's appeal with CIT (Appeals) pending for disposal. Company also filed a writ petition before Honourable High Court of Telangana at Hyderabad with a prayer to direct Director of Income Tax (Recovery) to grant to the reliefs as envisaged in the sanctioned scheme approved capital BIFR. In the event of the liability being crystallized, the liability shall be shared by Suryavanshi Spinning Mills Limited (Demerged Company), Aananda Lakshmi Spinning Mills Limited (Resulting Company 1) and Sheshadri Industries Limited (Resulting Company 2) equally, since the Company is demerged on 01-04-2013 (Appointed Date) as per the Scheme of Arrangement approved by Hon'ble High Court at Hyderabad..		
<b>Commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	-	-

Notes forming part of the financial statement as at 31st March, 2019

(Figures In Rs.Lakhs)

**41. Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Principal	Interest	Principal	Interest
Amount due to vendor*	16.57	-	34.50	-
Principal amount paid (includes unpaid) beyond appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

\*The information with regard to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the company. The above-mentioned amount is due to them for a period exceeding 45 days and the company has not provided any interest for the delay in payments as the company is in the process of settling the dues with the parties amicably.

42. The Company's business activity falls within a single business segment i.e. Textile products, in terms of IND AS 108 on operating segments.

43. The Company has recorded a net loss of Rs. 340.35 lakhs for the year ended 31<sup>st</sup> March, 2019 and has accumulated losses of Rs.2555.13 lakhs as at 31<sup>st</sup> march, 2019. Resulting in complete erosion of net worth and current liabilities exceed current assets by Rs.2360.11 Lakhs. Further, there were lower cash inflows from the existing business activities. The Company has defaulted in payment of dues to banks/financial institutions and could not comply with the terms of sanction and/or repayment schedules of the lending institutions and Banks. As the management of the Company is of the view that financial institutions would settle the liabilities and company's operations would be revived, the accompanying financial statement have been prepared on a "going concern" basis.

44. a. The company has not provided the interest on Working capital Loans and Term Loans with SBI and Andhra Bank to the extent of Rs.680.74 lakhs for the year ending 31<sup>st</sup> March, 2019 and Rs.602.77 Lakhs upto 31<sup>st</sup> March, 2018.
- b. The company has not provided the interest on delay in payment of statutory dues at the end of the financial year 2018-19
- c. The company could not obtain confirmation of balances as a 31st March 2019 in respect of trade receivables and trade payables and the Company hopes that they would be collected and paid.

per our report of even date

For and on behalf of Board of Directors  
**Suryavanshi Spinning Mills limited**

**For K.S.Rao & Co.**  
Chartered Accountants  
Firms' Registration Number: 003109S

**R.K. Agarwal**  
Managing Director

**Surender kumar Agarwal**  
Director

**M.Naga Prasads**  
Partner  
Membership Number:231388

**B.Somasekhara Rao**  
Chief Financial Officer  
and Company Secretary

Place: Hyderabad  
Date: 30th May, 2019

**40th Annual General Meeting  
SURYAVANSHI SPINNING MILLS LIMITED**

Registered Office: 6th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500003  
Phone: 91-40-27843333

Website: www.suryavanshi.com, Email: info@suryavanshi.com

**CIN: LI4220TGI978PLC002390**

**PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL.**

**ATTENDANCE SLIP**

I / We hereby record my / our presence at the 40th Annual General Meeting of the **Suryavanshi Spinning Mills Limited** held on Monday, 30th day of September, 2019 at 10.00 A.M. at **Gayatri Gardens, Survey No. 26, Sikh Village, Near Diamond Point Hotel, Secunderabad – 500009**

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

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

**40th Annual General Meeting  
SURYAVANSHI SPINNING MILLS LIMITED**

Registered Office: 6th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500003  
Phone: 91-40-27843333

Website: www.suryavanshi.com, Email: info@suryavanshi.com

**CIN: LI4220TGI978PLC002390**

**PROXY FORM**

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

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

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

1. Name :  
Address :  
Email ID :  
Signature : or failing him
2. Name :  
Address :  
Email ID :  
Signature : or failing him
3. Name :  
Address :  
Email ID :  
Signature :

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the company, to be held on **Monday, 30<sup>th</sup> day of September, 2019 at 10.00 A.M** at **Gayatri Gardens, Survey No. 26, Sikh Village, Near Diamond Point Hotel, Secunderabad – 500009** or at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Particulars	FOR	AGAINST
<b>Ordinary Business</b>			
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 and the Reports of the Directors and Auditors thereon		
2	To appoint a director in place of Sri Rajender Kumar Agarwal, who retires by rotation and, being eligible offers himself for re-appointment		
<b>Special Business</b>			
3	To Authorize the Board to Sell, lease or otherwise dispose undertaking of Company pursuant to Section 180(1)(a)		
4	Alteration of the object clause of the Memorandum of Association of the Company		
5	Alteration In The Liability Clause Of The Memorandum Of Association Of The Company		
6	Adoption of Articles of Association as per the provisions of the Companies Act, 2013		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder

Signature of Proxyholder(s)

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

**PRINTED MATTER**  
**BOOK - POST**

If undelivered, please return to:



Surya Towers, 6th Floor, 105, S.P. Road,  
Secunderabad - 500 003, Telangana, India.  
Phone: 91-40-30512700, Fax: 91-40-30512725  
Email: [info@suryavanshi.com](mailto:info@suryavanshi.com), Website: [www.suryavanshi.com](http://www.suryavanshi.com)  
CIN: L14220TG1978PLC002390