sutlej
textiles and industries limited

SUTLEJ TEXTILES AND INDUSTRIES LIMITED
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CIN No. : L17124RJ2005PLC020927

STIL/

September 04, 2017

M/s. Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Fax No. 022-22723121/719/22702037/39 **Scrip Code: 532782**	**M/s. National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra(E), Mumbai 400 051 Fax No. (022-2659 8237/38) **Scrip Code : SUTLEJTEX**

Subject:- Uploading of Annual Report of the Company for the year 2016-17, duly adopted by the Annual General Meeting on 31.08.2017

Dear Sirs,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, Kindly find enclosed a soft copy of the Annual Report for the year ended 31st March, 2017, as approved and adopted by the Shareholders at its Annual General Meeting held on August 31, 2017 at Pachpahar Road, Bhawanimandi - 326502, Rajasthan.

Thanking you,

Yours Faithfully,

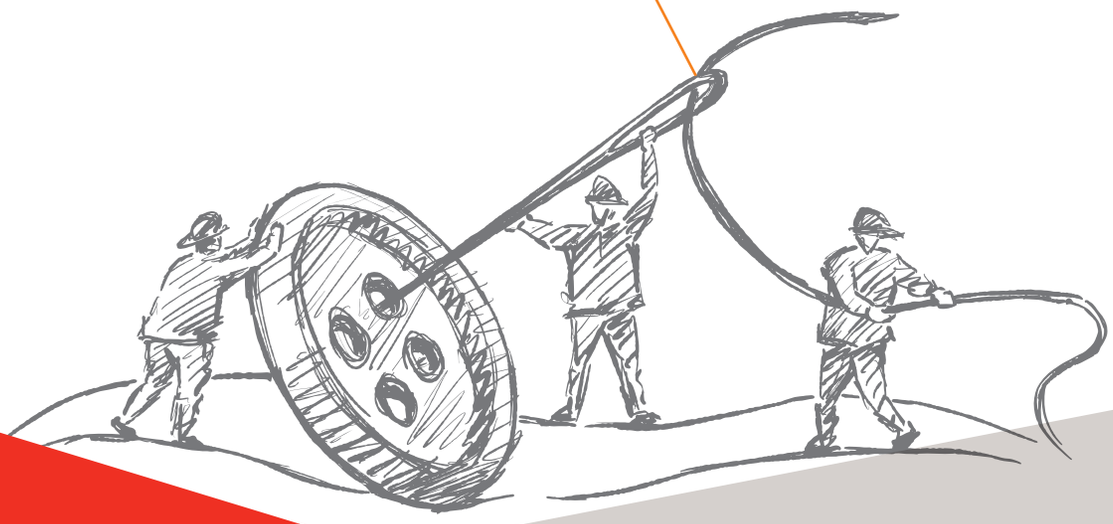
For Sutlej Textiles and Industries Limited

D.R.Prabhu
Company Secretary and Compliance Officer

SUTLEJ TEXTILES AND INDUSTRIES LTD. Bhawanimandi (RAJ.)

sutlej
textiles and industries limited

proactive and prepared



Sutlej Textiles and Industries Limited | Annual Report 2016-17

We have developed a comprehensive suite of communications that allow us to keep investors up-to-date.



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Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

At Sutlej Textiles and Industries Limited, we believe that we are on the cusp of a remarkable sectoral opportunity.

Where primary customers need business-strengthening end customers.

Where consumers need differentiated designs and applications.

Where employees need intellectually engaging workspaces.

Where communities need sensitive manufacturing neighbours.

We have one broad message for our stakeholders: Sutlej proactively invested in capacities, capabilities, knowledge, systems and passion to address these challenging needs.

The Result: the Company is prepared for attractive margin-widening opportunities.

Sutlej Textiles and Industries Limited is one of the most attractive proxies of India's textiles sector.

An attractive proxy on account of its robust business sustainability.

This sustainability has been enhanced on account of the Company presence in two profitable segments: specialised yarns and home textiles.

Over the years, the company has reinforced its competitiveness in these segments through capacity enhancement, cost reduction, niche product pipeline and enduring customer relationships.

Pedigree

Sutlej Textiles and Industries Ltd. (STIL) is a flagship company of multi-business conglomerate promoted by the late Dr. K.K. Birla.

Scale

Sutlej is one of India's largest integrated textile manufacturing companies, manufacturing synthetic, natural and blended yarns, all types of spun yarns and home textile furnishing; the company also processes fabrics.

The Company is one of the largest manufacturers of value-added mélange yarn in India. It has the capacity to manufacture single-ply, double-ply and multiply grindle, roving grindle core spun, slub and other fancy yarns.

Solution provider

Sutlej is a one-stop shop for all kinds of spun dyed yarn manufactured from natural or man-made fibres across any blend and any shade in the count range of 6s-50s.

Facilities

Sutlej has units located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. The company's total spinning capacity was 416616 spindles at the close of 2016-17; daily production was 260 tons of dyed synthetic and blended yarns, cotton mélange and cotton blended mélange and dyed yarns, as well as yarn from speciality fibres (Modal, Tencel, bamboo, coolmax, fancy yarns like siro spun, siro compact, lycra twisted, core spun, double core yarn etc.), in single ply, double ply and multi-fold.

Quality

Conforms with IS/ISO-9001:2008 norms; bestowed 'Usterised' license by Uster Technologies, Switzerland for its Kathua unit.

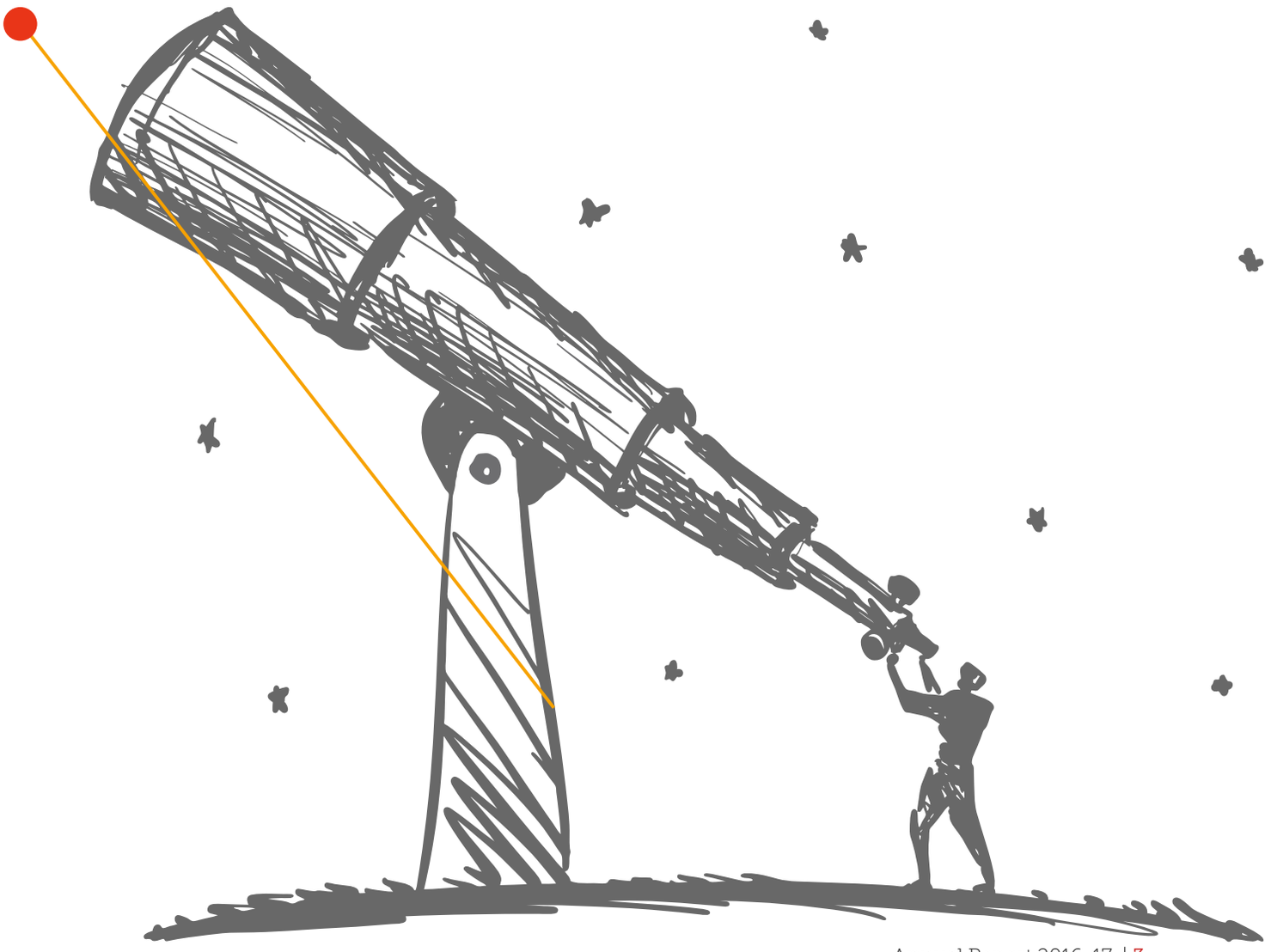
Conferred OCS-IN (Organic Content Standard), GOTS-IN (Global Organic Textiles Standard) and Oeko-Tex Standard 100 certifications.

Vision

We have set our sights on emerging as a front-runner in the realm of global textiles by providing end to-end solutions – from yarns to home textiles. We aim to create maximum value for our customers so as to emerge as their partners-of-choice.

Mission

We believe in challenging our limits and overcoming them. We also believe that as time changes, one must evolve one's thinking.



Growth in numbers

8.50%
Revenue growth
₹2286.94 crores in 2016-17
₹2,107.76 crores in 2015-16

10
Venture into new countries
65 countries in 2016-17
55 countries in 2015-16

10.31%
Capacity increase
416616 spindles in 2016-17
377688 spindles in 2015-16

10.09%
EPS growth
₹96.41 per share in 2016-17
₹87.57 per share in 2015-16

5.64 %
EBIDTA growth
₹319.15 crores in FY16-17
₹302.11 crores in FY15-16

20.20%
Gross Block Addition
₹1990.31 crores in 2016-17
₹1655.84 crores in 2015-16

10.09%
Net profit growth
₹157.94 crores in 2016-17
₹143.46 crores in 2015-16



Sutlej Textiles at a glance....

OUR CAPACITIES

416616
Spindles

9.6 million square metres
Home textile

65 countries
Global footprint

OUR RESULTS

₹2286.94 crore
Total Revenue (Fy17)

₹319.15 crore
EBIDTA (FY17)

₹157.94 crore
Profit after Tax (fy17)

OUR FORESIGHT

₹1656 crore
Cumulative investment in gross block (FY2005-17)

261160 spindles
Spindle addition (FY2005-17)

57%
Proportion of spindleage less than a decade old

OUR BALANCE SHEET STRENGTH

5.88%
Average Cost of Borrowings (FY17)

19.36%
Return on Equity (fy17)

17.23%
Return on Capital Employed (FY17)


Most textile companies compete on price.
At Sutlej, we compete on quality, consistency and innovation.
Most textile companies consider assets to be their biggest investment.
At Sutlej, we believe that our biggest asset lies in our intellectual capital instead.
sutlej
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Most textile companies select to play in large commodity spaces.
At Sutlej, we have selected to specialise in niche value-added areas instead.
Most textile companies focus on a small number of products manufactured in large volumes.
At Sutlej, we focus on the manufacture of a large number of products manufactured in small volumes.

Most textile companies focus largely on product manufacture.
At Sutlej, we enrich our knowledge of different products, customers, fibres and geographies instead.

Most textiles companies are manufacturing-driven.
At Sutlej, we are customer-driven instead.

Differentiated player.

Most textile companies focus singularly on scale as their business driver.
At Sutlej, we focus on the development of pioneering and differentiated products instead.

Most textile companies manufacture to sell.
At Sutlej, we pre-sell and then manufacture instead.

Executive Chairman's overview

Our strategic long-term consistency is visible in our numbers: during the five years ending 2016-17, Sutlej posted an increase in profits during four years.

Dear shareholders,

The economic revival in the country started taking shape after a bountiful monsoon in 2016 on the back of consecutive droughts for two years. However, this was stymied by the effect of demonetisation of 86% of the currency in circulation during the third quarter of the financial year. The challenging domestic business environment continued post-demonetisation well into Q4 of FY2017. Sutlej could withstand the challenges and showed growth on a Y-o-Y basis in 2017. Our revenues increased by 8.50% while our profit after tax strengthened by 10.09%. This profitable growth represents validation of our strategic direction.



Changes in global economic, social and political environments are having a major impact on the textile industry. Manufacturing technologies are changing. Consumer trends are changing. With a rapidly growing middle-class in China, there is an increasing cost of doing business in China. The speed to market products has never been more important. Retailers are facing challenges from on-line shoppers. In this backdrop, developments in global and Indian economic scene become important.

Global economy

The global economy failed to gain traction as developed economies continue to remain tepid, while emerging economies lacked vibrancy and did not show any significant momentum. The

advanced economies have been experiencing their longest period of slow growth in many decades. In the last six years, up to 2016, their average rate of growth has been barely 1.6%. It gets worse, if we take a slightly longer period, beginning from the crisis year of 2008, the average rate of growth being barely 1.1%. There is no period since World War II 70 years ago, when the economies that are now bracketed as economically advanced, have seen such a sustained period of slow growth. The picture is not about to change soon.

The persistent low growth rate of developed countries is leading to stagnation, prospect of job losses and rising social tension. These stresses are contributing to demands for inward-looking solutions like anti-immigration, anti-globalisation and even anti-free trade at the expense of open, dynamic markets that have delivered worldwide growth throughout most of the post-war era.

Meanwhile, the growth performance of what are bracketed together as the emerging market and developing economies, present a soothing contrast. The last nine years (2008 to 2016) have seen an average rate of growth of more than five per cent, which is better than their historical performance. The worrying signal, though, is that the growth rate for these countries has dropped in the last couple of years to barely four per cent. Both Latin America and Africa have seen growth collapse in 2015 and 2016. It is the superior performance of the two largest economies in this category, namely China and India, which has propped the average for all the lower income countries. The other two BRICS economies, Brazil and Russia, have seen GDP actually shrink.

Indian Economy

The Indian economy is going through an interesting phase with a temperate economic growth rate, benign inflation and GST, described as a game-changer with the idea of one tax, one nation. Continued fiscal consolidation, inflation management along with consistent reforms push by Government continue to underpin macroeconomic stability. India returned to fiscal consolidation in 2016-17 by bringing the deficit down to 3.5% of GDP from 3.9% the previous year, supported by a near-elimination of fuel subsidies and enhanced targeting of social benefits. But a sustained increase in economic growth at this juncture is critically dependent on credit intermediation of banks, which are caught in the vortex of NPAs and so cannot lend effectively to corporates, which themselves are struggling and stretched. Given the predominance of this twin Balance Sheet problem manifesting in of a leveraged corporate sector and stressed banking sector, the move to a higher growth trajectory looks difficult. The data on the ground shows that the economy is not gaining momentum.

It is believed that remonetisation, a good monsoon and possible interest rate cuts along with the Goods and Services Tax should lead to a recovery in H2FY18.

Our Performance

I am pleased to state that over the last few years, Sutlej has begun to achieve what it always professed: that the company would report margins, profits and capital efficiency higher than the industry average, coupled with relative insularity, whereby our decline during sectoral troughs would be less than the others in the conventional market space. The strategic shift in direction made by the company in the last few years stands resoundingly validated as Sutlej is no more a mere commodity supplier but a differentiated textile solution provider – a company that conjures up a number of diversely challenging variables to outperform and enhance shareholder value.

Our strategy has provided adequate de-risking: we work with almost 300 active products; this basket comprises a mix of nascent as well as mature products; we work with diverse downstream spaces (knitting, weaving, home applications, industrial and miscellaneous) that liberate us from an excessive dependence on any one space; we are present in more than 60 countries, adequately de-risking geographical concentration. We enjoy average realisations higher than the benchmark of the conventional sectoral terrain; we have established formidable cost leadership and we enjoy attractive pricing power in specific products.

Our strategic long-term consistency is visible in our numbers: during the five years ending 2016-17, Sutlej posted an increase in profits during four years; the aggregate cash profits of five years ending March 2017 was 134% higher than the aggregate profits of the previous five years combined; the aggregate cash profit of the last five years was an attractive Rs.966 crores that ensured periodic reinvestment and capital rejuvenation.

Sectoral optimism

There are number of reasons why we are optimistic of our sectoral prospects and corporate performance.

One, India remains one of the fastest growing economies in the world. The macroeconomic situation in the country is expected to improve considerably in the coming years

owing to various policy initiatives taken by the government.

Two, India is one of the most attractive global textile markets passing through a major transition from the staple to the value-added. This transition is marked by an unprecedented increase in consumer preference for fashion apparel; we believe this preference evolution will be sustainable on the back of increased disposable incomes and improving aspirations.

Three, nearly half of India's 1.25 billion people are still under 26 and by 2020, India is likely to emerge as the youngest country in the world with a median age of 29. Young earners are spending more on discretionary apparel consumption than ever; are experimenting more with emerging fashion trends, and widening their wardrobes faster than before. The business of looking good has never looked better.

Four, India's rural markets are under-penetrated which will account for considerably faster growth that could translate into years of sustainable sectoral growth.

Five, India's per capita textile consumption is low compared with global average. We believe that following growth in disposable incomes, this gap will narrow, accelerating India's sectoral growth higher than the global average.

Six, when international economies revive, the Company expects increased export demand.

Proactive and Prepared

Sutlej brings to this sectoral optimism the robust fundamentals of a forward-looking company.

Your company focused on enhancing growth of operations in value-added products. Sutlej has emerged as India's largest spun-dyed yarn manufacturer including that for cotton and cotton blended dyed and mélange yarns.

With commissioning of the expansion project of 35,280 spindles in March 2017, the Company's total spinning capacity increased to 416,616 spindles, enhancing economies of scale. Your company has decided to expand its Baddi (Himachal Pradesh) Unit by 28,800 spindles to manufacture 100% Polyester Industrial yarn and other grey blended specialty synthetic yarns.

Your company produces niche yarns like synthetic and blended dyed yarns, cotton and cotton blended dyed and mélange yarns, fancy yarns in wide range of counts, blends and shades for apparel and non-apparel applications. Not more than 5% spindles (out of a total installed capacity of about 50 million spindles) in the country manufacture such products. This differentiates the company from commodity yarn manufacturers.

Your company's products comprise a prudent mix of cotton and man-made fibres resulting in a superior ability to absorb unforeseen cost increases through timely blend changes. Your company's products are fibre-dyed, providing superior product consistency, large production volumes and ready-to-use convenience for downstream processors.

Sutlej's enduring customer relationships have been forged with quality-driven customers who demand value-added products.

The Company strengthened its cost leadership through asset de-bottlenecking and asset upgradation.

The company decided to focus on the Home Textiles business and undertook an expansion of its capacity from 2.5 million metres per year to 9.6 million metres per year, which was completed in March 2017. Our Home Textiles business is at the cusp of an attractive take-off.

Your Company possesses a robust Balance Sheet and strong credit rating. This will serve as a foundation for low-cost funds mobilisation whenever we consider the need to finance organic or inorganic business opportunities.

Overview

Though the present industry scenario is challenging, Sutlej expects to sustain its growth on the back of various initiatives taken in the past and in the coming years. Sutlej is proactive and prepared. I am optimistic of our prospects when the sector rebounds.

I would like to thank all the stake-holders for their continued support.

With best regards,

CS Nopany
Executive Chairman



How a proactive preparedness has strengthened our company

4 talking points of the year's achievements

- The company continued to strengthen new product development that took customer businesses ahead
- The company countered demonetisation by working closely with its supply chain and customers
- The company moderated overheads to remain competitive through the H2 slowdown
- The company commissioned its new capacities (yarn and home textiles) on schedule

10 drivers of our competitiveness

- Strong, relatively under-borrowed Balance Sheet
- Sizable cash profits on account of depreciation and long-tenure debt
- Low asset cost; low capital cost (equity and debt)
- Large proportion of revenues from niche products
- Enduring relationships with large brand customers; growing wallet share
- Balanced sales dispersal across domestic and global markets
- Cost leadership arising out of manufacturing competitiveness
- Large pipeline of research-led innovative products
- Focus on value-added products
- Track record of high operating efficiency

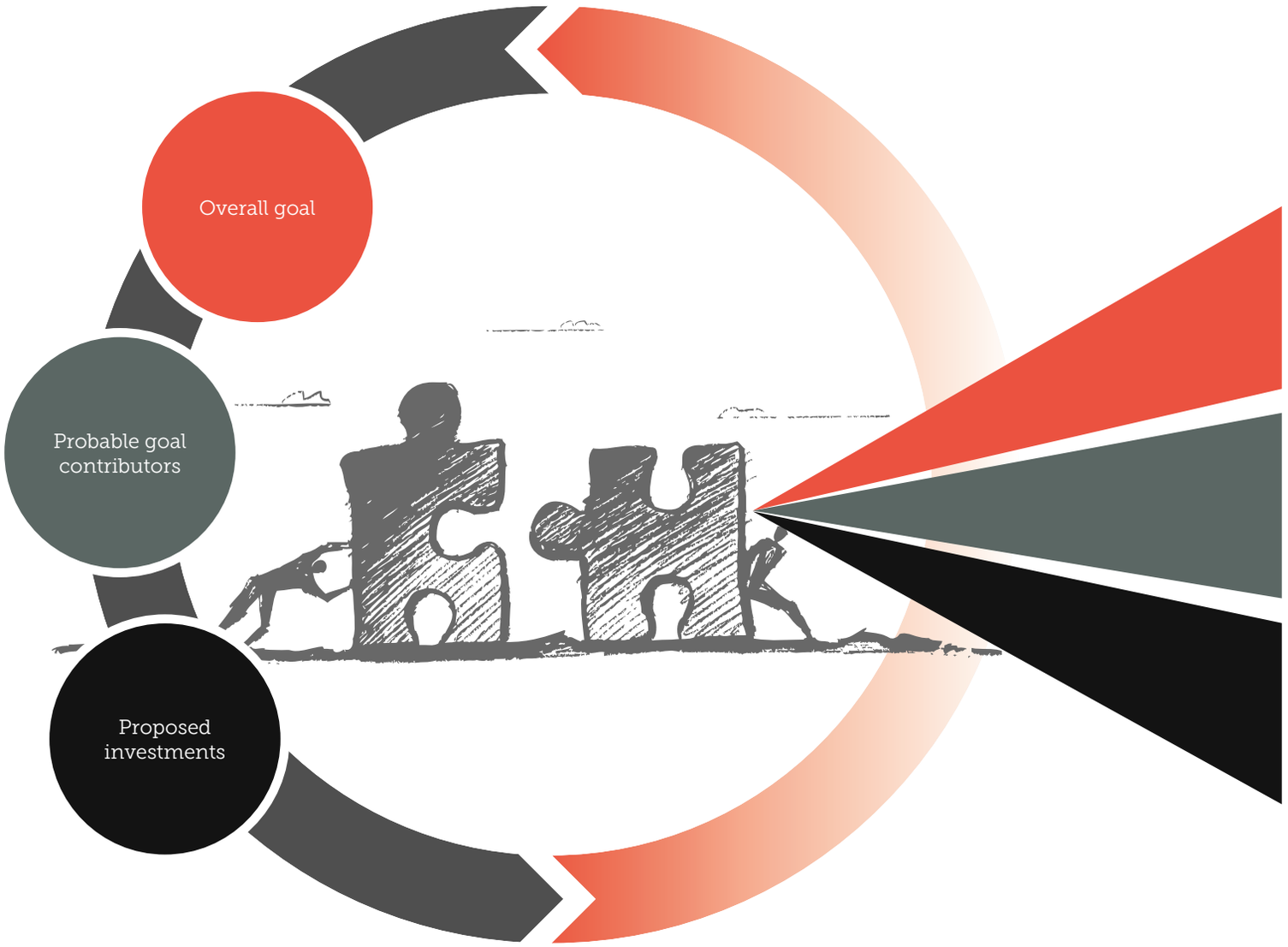
How we have taken our quality agenda ahead

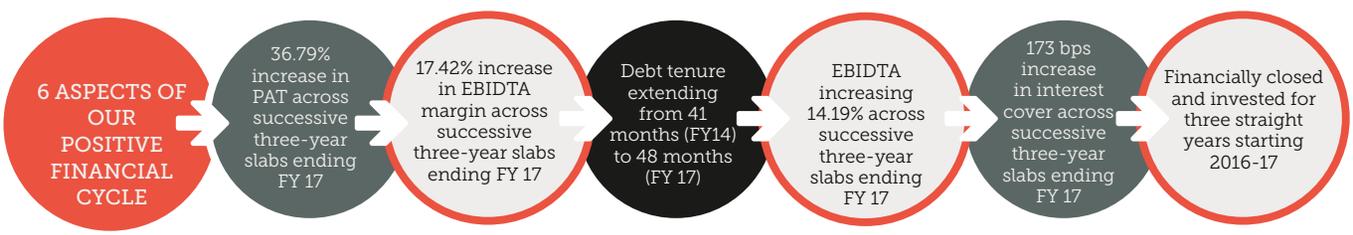
- Commissioned our Kathua development centre in FY 17
- Invested ₹20 crores in this development centre
- Addresses the value chain: blow room to finishing
- Comprises small machines addressing niche fancy yarns
- Equipped with small dyeing machines



Our performance ambition

At Sutlej, our performance ambition is to create a company respected for its ability to enhance value for its stake-holders catalysed by robust business strategy.





Measuring our performance ambition

PROFITABLE GROWTH

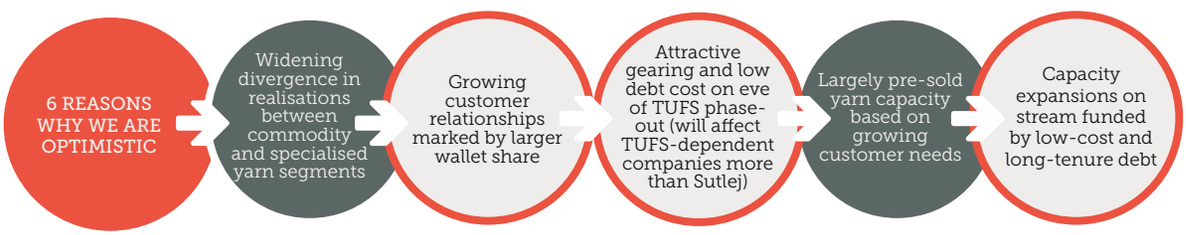
- Total revenue:
  Grew 8.50%
  in 2016-17
- EBIDTA:
  Grew 5.64% to
  ₹ 319 crores in 2016-17

- Market capitalisation:
  Grew from
  ₹510.98 crore
  as on 31st March 2015
  to
  ₹1347.65 crore
  as on 31st March 2017

FINANCIAL MECHANICS

- Average cost of debt:
  6.16%, 2016-17
- Total debt-equity ratio
  1.27 as on 31st March 2017
- Interest cover ratio:
  6.99 as on 31st March 2017

Overall goal	To be the foremost player in India's textiles space fulfilling aspirations of all stakeholders			
Probable goal contributors	**Business focus** The Company intends to focus on specialised yarns and home textiles	**Segment focus** The Company's yarns business will continue to be its mainstay; within yarns, the Company will focus on cotton blended yarns and cotton mélange	**Capacity growth** The Company expanded its specialised yarns capacity 10 per cent and home textiles capacity 60 per cent in 2016-17	**Emerging opportunities** The Company will address emerging opportunities (inorganic and others)
Proposed investments	**Infrastructure** Enhancing production capacity (completed in 2016-17)	**Knowledge** Enriching understanding of diverse materials, finishes and evolving consumer needs	**Innovation** Sustained investments in product development around innovative finishes	**Environment** Growing investments in environment assets that minimise waste generation and enhance recycling/ reuse



How Sutlej has enhanced value across the years

Revenues, ₹ cr



DEFINITION
Revenue growth without deducting excise duties.

WHY WE MEASURE
This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

PERFORMANCE
Our aggregate sales increased 8.5 per cent to ₹2286.94 crores in FY 17.

EBIDTA, ₹ cr



DEFINITION
Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

WHY WE MEASURE
It is an index that showcases the company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

PERFORMANCE
The company's EBDITA grew every single year through the last 3 years. The company reported a 5.64 per cent increase in its EBIDTA in FY 17 – an outcome of painstaking efforts of its team in improving operational efficiency.

Net Profit, ₹ cr



DEFINITION
Profit earned during the year after deducting all expenses and provisions.

WHY WE MEASURE
It highlights the strength in the business model in generating value for its shareholders.

PERFORMANCE
The company's net profit grew every single year through the last three years. The company reported a 10.09 per cent increase in its Net Profit in FY 17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

EBIDTA margin, (in %)



DEFINITION
EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, better for the company.

WHY WE MEASURE
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

PERFORMANCE
The company reported 14.19% decline in EBIDTA in FY 17. This was the result of enriching its product basket with superior products and higher improved operating efficiency across the business.

ROCE , (%)



DEFINITION
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

WHY WE MEASURE
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

PERFORMANCE
The company reported a 303 bps decrease in ROCE in FY 17-showcasing prudent investment of every rupee in profitable spaces which generate higher returns for shareholders.

Decreased in FY17 due to expansion projects at Bhawanimandi and Bhilad

Total debt-equity ratio, (x)

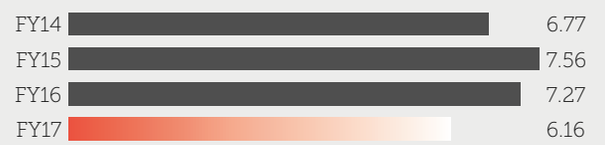


DEFINITION
This is derived through the ratio of debt to net worth (less revaluation reserves).

WHY WE MEASURE
This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

PERFORMANCE
The company's gearing moderated from 1.8 in FY16 to 1.27 in FY 17. We recommend that this ratio be read in conjunction with net debt/operating profit (declining, indicating a growing ability to service debt).

Average debt cost, (%)

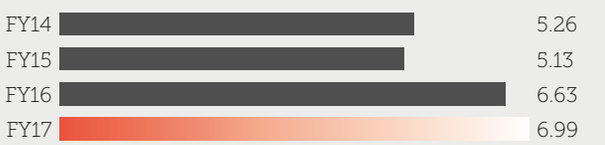


DEFINITION
This is derived through the calculation of the average cost of the consolidated debt on the company's books.

WHY WE MEASURE
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

PERFORMANCE
The company's debt cost declined from 7.27 per cent in FY16 to 6.16 per cent in FY 17. We recommend that this ratio be read in conjunction with our rising interest cover (rising, indicating higher liquidity).

Interest cover, (x)



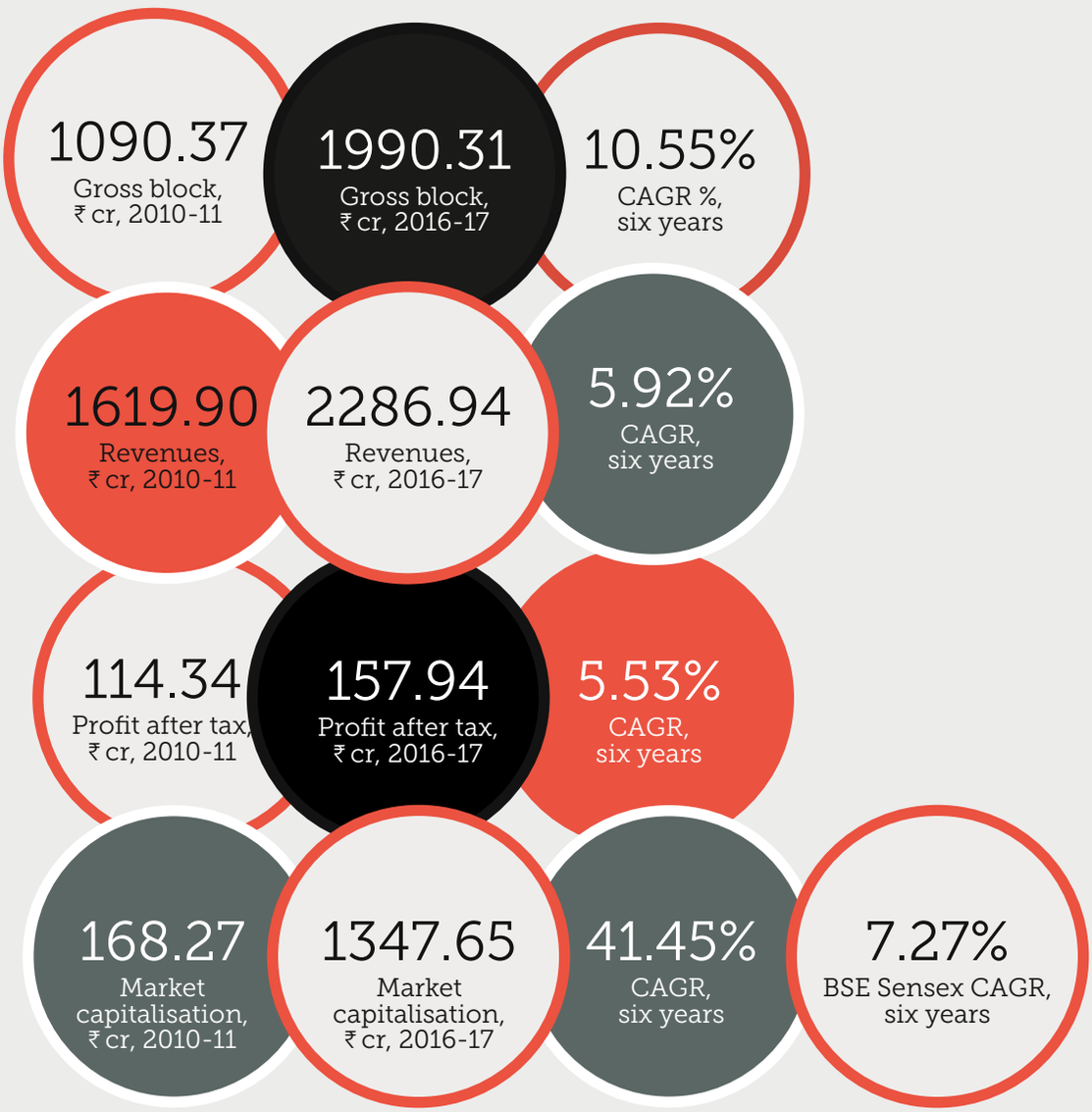
DEFINITION
This is derived through the division of EBIDTA by interest outflow.

WHY WE MEASURE
Interest cover indicates the company's comfort in servicing interest, the highest the better.

PERFORMANCE
The company strengthened its interest cover from 6.63 in 2015-16 to 6.99 in 2016-17.

Sutlej and the creation of long-term value

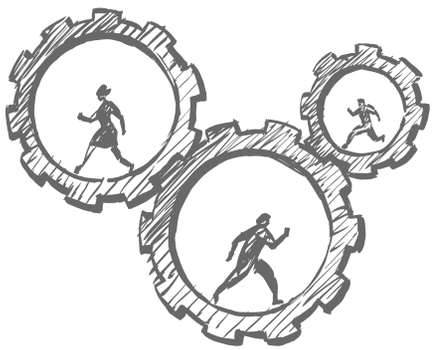
The basis of all value-creation is profitable growth



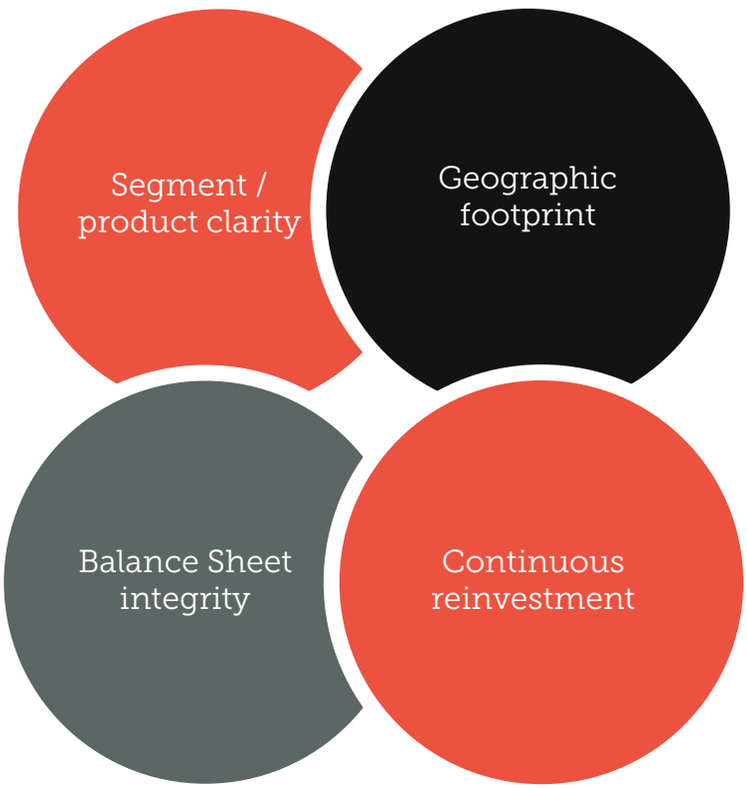
Strategy in action

The four pillars of Sutlej's value-enhancing business strategy

At Sutlej, we believe that we have entered a sweet spot of sustainable growth: the accruals that we generate from our business are presently more than adequate to reinvest and drive sustainable growth



The four pillars of our business



1 Segment / product clarity

We were once a commodity-driven yarn company...

We graduated to products addressing lifestyle preferences → We focused on niche cotton blended dyed and cotton melange yarns → Proportion of value-added yarn revenues increased from 24% of turnover in FY12 to 36% in FY 17 → We also extended to the manufacture of contemporary home textiles → Our focus is in growing new market niches (as opposed to merely addressing existing demand).



2 Geographic footprint

We were once an India-focused yarn manufacturer ...

We progressively widened our global footprint → We entered geographies with a growing preference for value-added yarns → We are present in 65 countries across six continents today → Exports contributed 28% to the company's yarn revenues in 2016-17; → Average export realisations were higher than average domestic yarn realisations.

56 countries
Global footprint in 2011-12

→

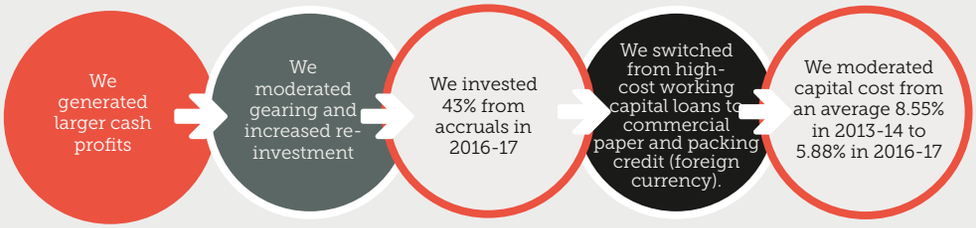
56 countries
Global footprint in 2013-14

→

65 countries
Global footprint in 2016-17

3 Balance Sheet integrity

We used to be a debt-heavy company until some years ago...



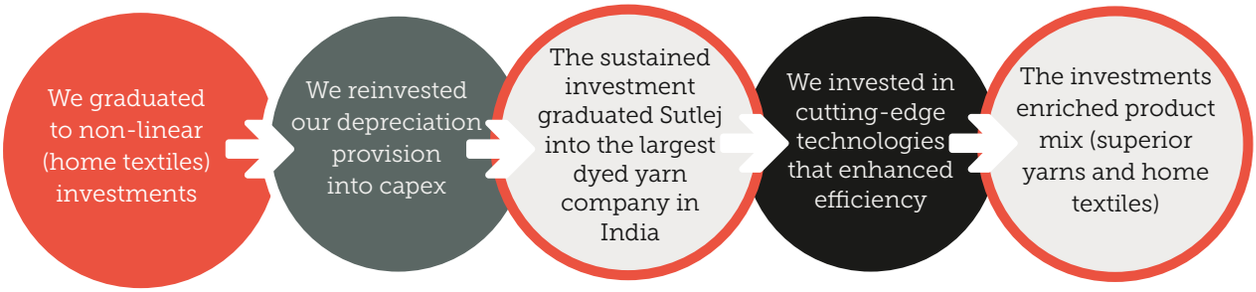
2.58 Total debt-equity ratio, 2011-12	1.36 Total debt-equity ratio, 2013-14	1.27 Total debt-equity ratio, 2016-17
8.18 Average borrowing cost, 2011-12	8.55 Average borrowing cost, 2013-14	5.88 Average borrowing cost, 2016-17
2.56 Interest cover, 2011-12	5.26 Interest cover, 2013-14	6.99 Interest cover, 2016-17
55 Term loan tenure (months), 2011-12	41 Term loan tenure (months), 2013-14	48 Term loan tenure (months), 2016-17
0.46 Debt per rupee of revenue in Rs, 2011-12	0.36 Debt per rupee of revenue in Rs, 2013-14	0.46* Debt per rupee of revenue in Rs, 2016-17
BBB [By CARE] Credit rating, 2011-12	BBB [By CARE, and Ind A1+ with stable outlook] Credit rating, 2013-14	AA [By CARE] Credit rating, 2016-17

Earlier: 100 per cent cash credit at base rates. Now:40-45% through commercial paper; 40% packing credit borrowed in foreign exchange (~50 bps above LIBOR).

*Increased due to completion of expansion project at Bhawanimandi and Bhilad units in the month of March 2017.

4 Continuous re-investment

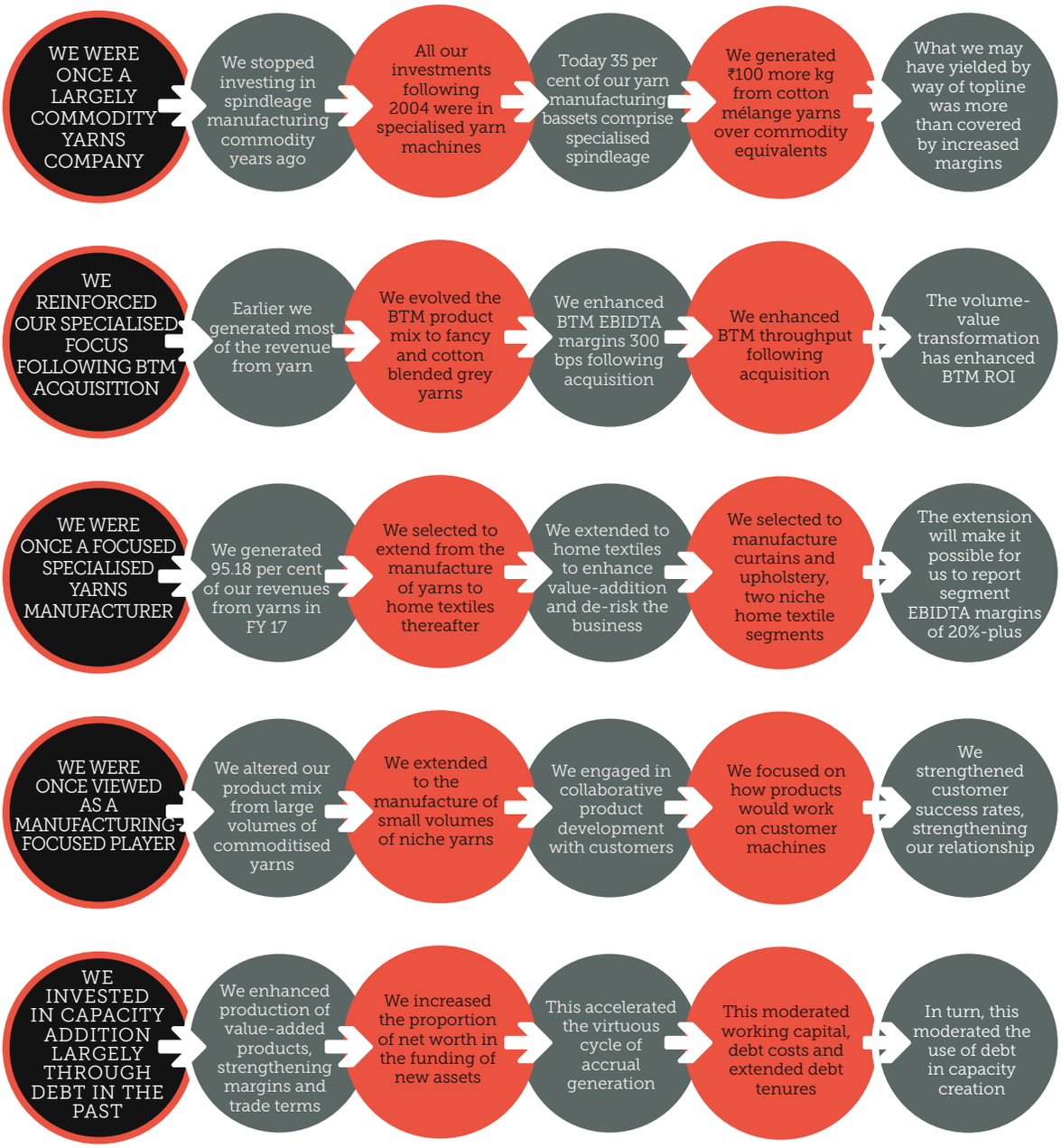
At Sutlej, we only made linear capacity investments at one time...



253000 Total spindles, 2011-12	**261736** Total spindles, 2013-14	**416616** Total spindles, 2016-17
2.5 Home textiles capacity, (mn metres), 2011-12	**2.5** Home textiles capacity, (mn metres), 2013-14	**9.6** Home textiles capacity, (mn metres), 2015-16
40 Proportion of spindles less than five years old in 2011-12	**15** Proportion of spindles less than five years old in 2013-14	**39** Proportion of spindles less than five years old in 2016-17
2.58 Asset-turnover ratio, 2011-12	**3.34** Asset-turnover ratio, 2013-14	**1.97#** Asset-turnover ratio, 2016-17

Decreased when compared to the previous year due to completion of expansion projects at Bhawanimandi and Bhilad units in the month of 2017

How Sutlej transformed and reinforced its identity over the years



At Sutlej, sustainable value-creation has been derived from strategic clarity and discipline

At Sutlej, we manage the business of the moment even as we are engaged in building our business for the future

Investing in the present



Balancing tenures

At Sutlej, a number of our products are mature; others are nascent. We nurture a number of new products through the challenging small-volumes phase until they scale and become segment-drivers

Blend of businesses

Our company is a coming together of two businesses. The core business is that of cotton blended dyed and mélange yarns; this business works like an SBU and is self-contained with all business supports. We believe this SBU-based approach is value-accretive and scalable; we also have a Home Textiles business being managed on similar lines.

Profitable growth

We focus on reporting profitable growth: through moderated debt use, declining debt cost, extended debt tenure, superior trade terms, value-addition and revenue growth. The company reported profitable growth in four of the last five years ending FY 17.

Better financial efficiency

We believe that competitiveness is unambiguously reflected in superior working capital management. As a company, we focused on value-addition, quicker receivables and moderated inventories, shrinking the working capital cycle, liberating resources and enhancing margins.

Operational efficiency

We believe that in capital-intensive manufacturing businesses, margins need to be extracted from superior operating efficiencies. We invested in right-sized plants that generated scale economies, technologies, high utilisation and optimal returns. The result is that our manufacturing facilities are among the most productive in India

Fiscal efficiency

We believe that an effective driver of competitiveness is the ability to mobilise the lowest-cost debt coupled with an adequately long tenure. We moderated debt cost by 111 bps in FY 17 while extending average loan tenure, leveraging our strengthening debt-equity ratio and robust cash flow generation.

Investing in the future



Lifestyle focus

We believe that as disposable incomes rise, consumers will gravitate towards better lifestyles. Within the country's textiles sector, we see a greater traction for fabrics and garments that use cotton blended dyed yarn and cotton mélange yarn (which we manufacture). These products ride growing consumption on the one hand and are adequately protected from competition on the other

Ongoing productisation

We believe that the most effective investment in sustainable growth is the ongoing development of new products seeded around emerging fashion-based applications. At our Company, we have a large portfolio of such products to ensure that our business remains scalable, profitable and sustainable

Home textiles

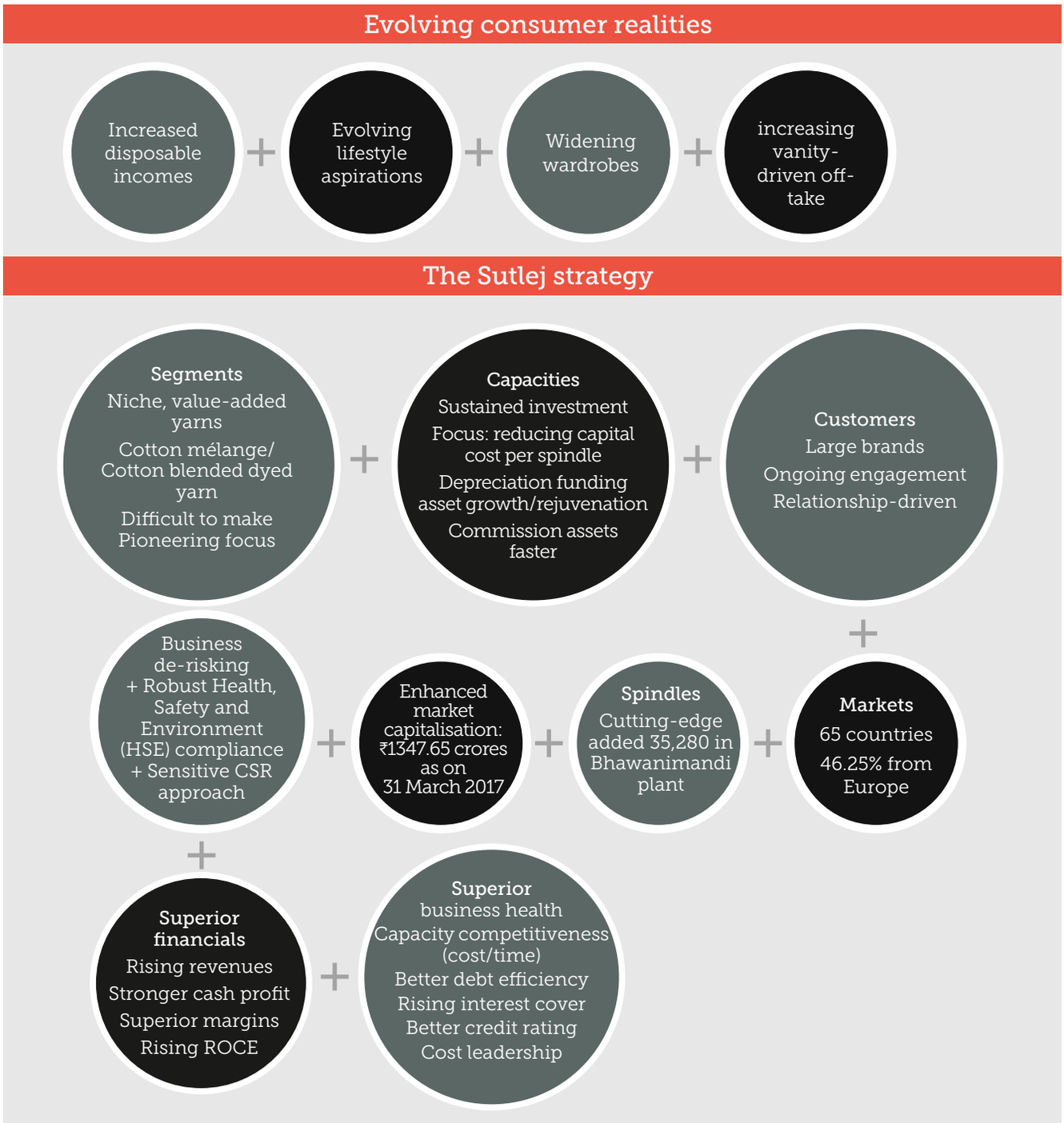
When disposable incomes rise, one of the first impacts is reflected in home pride and the quality of one's interiors. In the face of this reality, it would have been limiting to market only yarn. Over the years, we widened our product offering to manufacture home textiles as well. Within this space, we manufacture upholstery and curtains, which are among its fastest growing segments. We hope to generate more than 20 per cent EBIDTA margin from this segment.

Distribution- and service-driven

We believe that as disposable incomes rise, there will be a premium on the ability to distribute products with speed and economy. We are investing in this critical area, building direct or distributor presence wide and deep across the textile hubs of the country. This distribution pipeline will enhance throughput, revenues and market share.

Balance Sheet

We believe that the foundation of a robustly sustainable company is product quality, service, distribution effectiveness and a robust Balance Sheet. Over the years, we right-sized our Balance Sheet with debt repayment, renegotiated expensive debt and extended debt tenures to enhance cash flows for prospective investments (organic and inorganic).





At Sutlej, we enhance ecosystem value through various initiatives

Shareholders	Progressive dividend policy	Attractive market capitalisation growth	Focus on free cash generation
People	Employee and vendor engagement	Promote personal and professional development	Fair and equitable wages / contracts
Customers	Enhancing customer competitiveness	Quality products	Collaborative product development



Communities	Environmentally safe operations	Responsible and ethical conduct	Corporate social responsibility
Business	Relationship-driven	Profitable growth	Ongoing reinvestment
Society	Contribution to exchequer	Driving employment	Skilling people
Environment	Environmentally responsible operations	Proactive investment in pollution-mitigation equipment	Moderated carbon footprint



Business segment#1

Specialised yarns

Rs. 2141.19 crore

Revenue in 2016-17 against Rs. 1979.74 crores in 2015-16

Rs. 302.4 crore

EBIDTA in 2016-17 against Rs. 288.34 crores in 2015-16

Rs. 185.28 crore

Profit before tax in 2016-17 against Rs.174.46 crores in 2015-16

95.01%

Capacity utilisation in 2016-17 of the installed capacity of 416616 spindles

Overview

Sutlej transformed its identity from a grey commodity yarn manufacturer into a specialised yarn (cotton blended yarn and melange yarn) 'supermarket' offering a range of natural and man-made yarns in blends (grey, dyed and mixture) and count ranges (6-50). The result is that the company now possesses one of the largest portfolios of spun-dyed and mélange yarns in India.

Evolving product mix

Overview

Sutlej is one of the largest producers and exporters of value-added cotton blended spun yarns in India. Over the years, the company reinforced its position as a passionate developer of blends and shades servicing the growing needs of customers who in turn address dynamic fashion realities.

Over the years, the company widened its



presence across the yarn value chain (cotton to polyester to viscose to acrylic to modal to lycra to teflon to linen). The result is that the company possesses the distinctive ability to manufacture multi-fibre (synthetic and natural) yarns across diverse applications (grey, dyed and mixed) and counts (6-50).

Capacity

The Company manufactures specialised yarns in three units - Rajasthan Textile Mills in Bhawanimandi (Rajasthan), Birla Textile Mills in Baddi (Himachal Pradesh) and Chenab Textile Mills in Kathua (Jammu and Kashmir). These units possess assets, knowledge, experience, competence, supply chains and customers to grow the overall business.

The Company enhanced spindleage from 293736 in 2005 to 416616 in 2017; each plant possessed adequate capacity and economies to service growing customer needs. Nearly 57 per cent of the company's spindleage was less than 10 years old as on 31 March 2017, indicating high capability and efficiency.

Portfolio

The Company manufactures the complete range of specialised yarns, a single-point solution. The Company is among a few specialised manufacturers of specialty yarns (lycra, coolmax, modal and tencel yarns, among others) and also the largest modal yarn manufacturer (licensed from Lenzing, Austria).

Regular varieties: 100%-polyester *100%-viscose *100%-acrylic *100%-modal and tencel *100%-cotton mélange and cone-dyed *Polyester/viscose *Polyester/cotton *Acrylic/cotton *Polyester/acrylic *Modal/cotton *Modal/polyester *Viscose/cotton *Bamboo/cotton

Premium varieties: Micro-polyester (soft touch) *Micro-acrylic (for chenille) *Micro-modal (super-soft silky) *Hamel covered yarns (stretch) *Low piling yarns *Carpet backing and pile yarns *Ready-to-dye package yarns *Cationic dyeable yarns *Tencel *Soy milk fibre yarns *100%-bamboo

Product mix

Over the years, the Company evolved its product mix: the production of cotton melange increased from 26 per cent in its overall yarns mix in 2013-14 to 35 per cent in 2016-17 on account of growing applications and acceptance of melange, enhancing profitability.

The company is increasing its capacity of specialty Lycra twisted P/V yarn from 300 tonnes a year to 600 tonnes a year, strengthened development centres and will produce new types of yarns, fancy yarns etc. in these development centres.

Distinctiveness

The Company evolved its business model from make-to-stock to make-to-order. This transformation helped the company graduate customer transactions into enduring relationships. In turn, this catalysed capacity creation and assured off-take.

Quality

The Company is widely respected for its ability to provide a world-class service (quality, timely delivery, superior price-value, yarn mix) that positions it as a

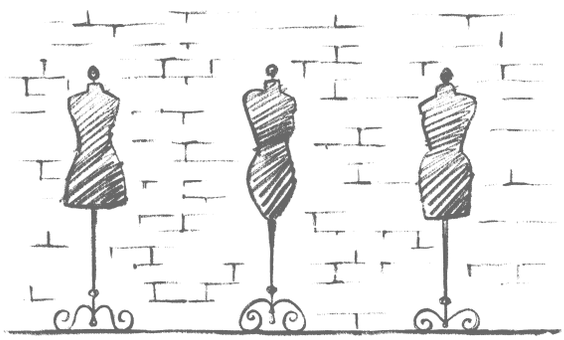
dependable extension of the customer's personality.

The Company's manufacturing units possess a combination of cutting-edge technologies, competent professionals, relevant certifications (IS/ISO 9001:2008) and quality-testing equipment (HVI spectrum, AFIS Pro UT- 5, Tensojet and Classimat, among others). Uster Technologies AG, Switzerland, provided the Company with the coveted permission to use the 'Usterised' trademark, a singular honour.

Presence

The Company's customers are spread across more than 60 countries, making it one of the largest Indian exporters of polyester-viscose blended yarn with a growing presence in developed and emerging economies (Australia, Argentina, Bangladesh, Bahrain, Belgium, Bolivia, Brazil, Canada, China, Chile, Colombia Dominican Republic, Egypt, France, Germany, Guatemala, Hong Kong, Italy, Morocco, New Zealand, Panama, Peru, Poland, Portugal, Qatar, Russia, Saudi Arabia, Slovenia, Sri Lanka, the Philippines, the United States of America, the United Arab Emirates, the United Kingdom, Turkey, Ukraine, Venezuela, Vietnam and Yemen, among others).

We are increasing our capacity in a specialty Lycra twisted P/V yarn from 300 tonnes a year to 600 tonnes a year and may increase it further if required. We strengthened our development centres this year and those are able to produce value-added yarns and new type of fancy yarns that help us get better margins and sales. At present its margin is about 17% and going forward in next 2 years, we are looking for a margin of about 22% on the increased volume. At present its sales are about Rs.100 crores, which will grow to Rs. 200 crores and these margins of 22% will be on higher volume of Rs.200 crores. These are some of the positives. We are continuously generating cash surplus and therefore we are continuously looking for organic and inorganic growth opportunities.



Accolades

- Felicitated with the prestigious SRTEPC's Gold Trophy for Best Export Performance for Exports of Fabrics to 'Focused SAARC' countries for 2014-15
- Bestowed 'Silver Trophy' for the 'Second Best Export Performance of Spun Yarns' for 2015-16 by SRTEPC

Operational highlights, 2016-17

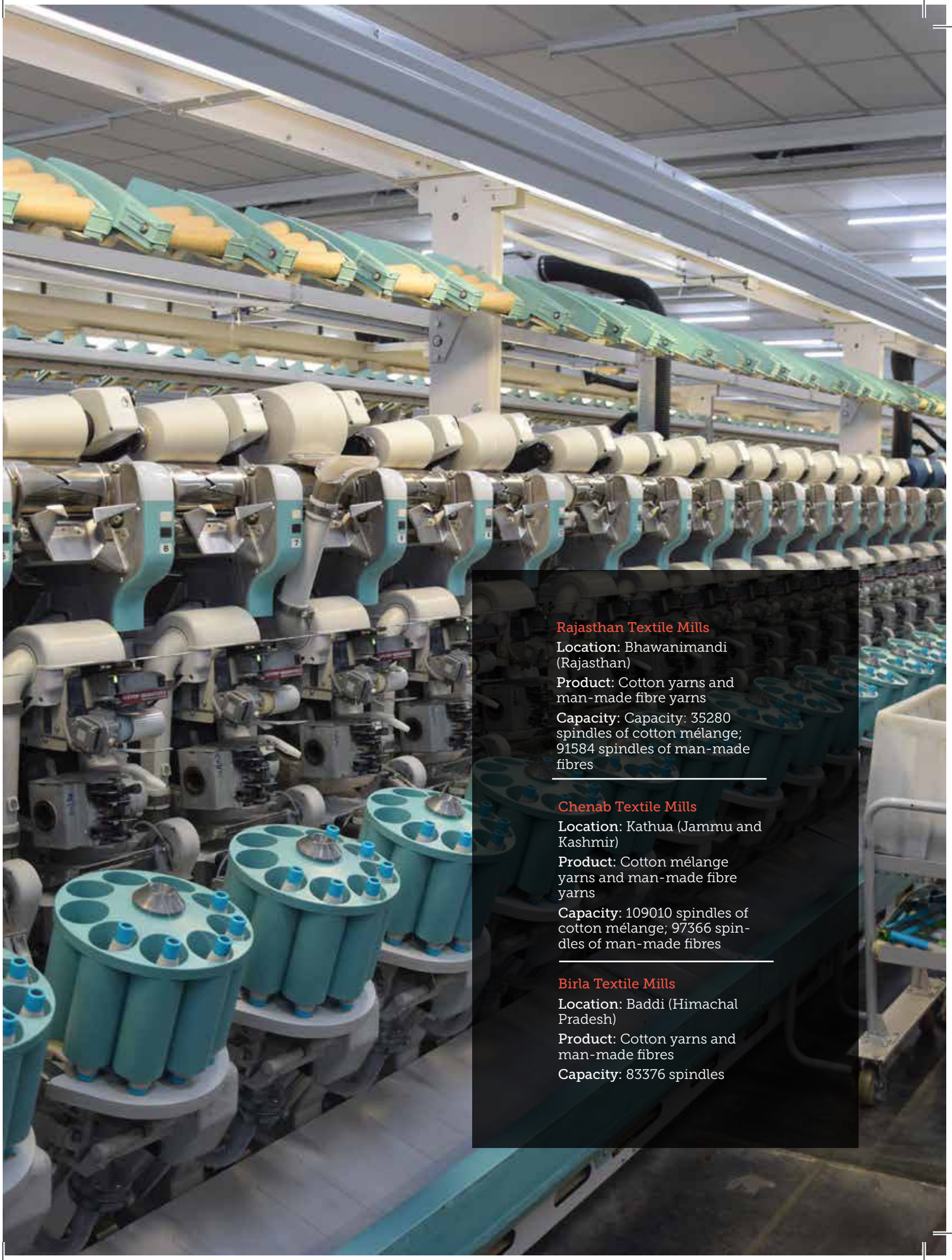
- Grew yarn production 7.49% - from 86.20 million kilograms in 2015-16 to 92.66 million kilograms.
- Enhanced domestic volumes 4.92% from 66.43 million kilograms to 69.70 million kilograms.
- Strengthened RTM, Bhawanimandi throughput following the commissioning of 35,280 spindles, addressing value-added cotton mélange and cotton-blended dyed yarns.
- Strengthened the export portfolio with a growing emphasis on value-added yarns, which helped increase exports 4.63%.
- Ventured into Bolivia, Dominican Republic, Guatemala, Israel, Latvia, Myanmar, Nepal, Panama, Qatar, Russia, Slovenia, Ukraine, Venezuela,Vietnam and Yemen, increasing our international presence to over 60 countries.

Financial highlights, 2016-17

- Average yarn realisations stood at Rs. 215 per kilogram (Rs. 207 per kilogram in the previous year)
- Achieved aggregate capacity utilisation of 95.01% (95.64 % in the previous year).
- Strengthened yarn exports 4.63 % (by value) through value-added focus; yarn exports stood at 28.62 million kilograms by volume, a 3.10 % increase over the previous year.

Outlook, 2017-18

The Company intends to add quality products, install 18 knitting machines in Bhawanimandi, undertake a spinning project in Baddi to commission 28,800 spindles manufacturing specialty yarns. The company intends to commission a plant to produce recycled fibres in Jammu & Kashmir (replacing outsourcing) and a solar power plant in Bhawanimandi.



Rajasthan Textile Mills

Location: Bhawanimandi (Rajasthan)

Product: Cotton yarns and man-made fibre yarns

Capacity: Capacity: 35280 spindles of cotton mélange; 91584 spindles of man-made fibres

Chenab Textile Mills

Location: Kathua (Jammu and Kashmir)

Product: Cotton mélange yarns and man-made fibre yarns

Capacity: 109010 spindles of cotton mélange; 97366 spindles of man-made fibres

Birla Textile Mills

Location: Baddi (Himachal Pradesh)

Product: Cotton yarns and man-made fibres

Capacity: 83376 spindles



Business segment#2

Home textiles

Rs. 108.43 crore

Revenue in 2016-17 against Rs. 94.31 crores in 2015-16

Rs.16.75 crore

EBIDTA in 2016-17 against Rs. 13.77 crores in 2015-16

Rs. 3.18 crore

Profit before tax in 2016-17 against Rs. 2.24 crores in 2015-16

77.56%

Capacity utilisation in 2016-17 of the installed capacity of 9.6 million metres

Overview

In 2006, the Company extended its portfolio from specialised yarn manufacture to home textiles.

This business accounted for a larger share of the customer's wallet. Going forward, it can graduate the company from a complete dependence on yarns while enhancing profitability. The Company invested in cutting-edge equipment, state-of-the-art German software, full-fledged testing laboratory, focused product range (upholstery and curtains) and contemporary designs (derived through collaborative working with reputed European studios).

Capacity

The Company established a reputation for customised solutions across diverse designs, blends, colour and finishes from a single integrated unit. The Company trebled its manufacturing capacity in late FY 17 on the grounds that growth of the upholstery and curtain segments at 12 per cent is one of the fastest within the country's fabric segment.

Margins

The business enjoys EBIDTA margin of about 17% but going forward in the next two years, this could increase to about 22% on the increased volume of around Rs. 200 crore.

Operational highlights, 2016-17

• Implemented phased capacity expansion; the second phase of 28 looms were commissioned in FY 17, increasing capacity to



Damanganga Home Textiles

Location: Daheli (Gujarat)

Product: Home textiles furnishings

Capacity: 9.60 million metres per annum (116 shuttle-less looms)

9.6 million metres per annum.

- Developed new designs and add-ons in line with evolving market trends, strengthening realisations.
- Strengthened its presence within India and the Middle East

Financial highlights, 2016-17

- The Home Textiles business accounted for 4.82% of the Company's revenues (4.55% in 2015-16).
- Revenues grew 14.97% from Rs.94.31 crores in 2015-16 to Rs.108.43 crore.
- Exports increased 36.90%; export volumes stood at 1.70 million metres.

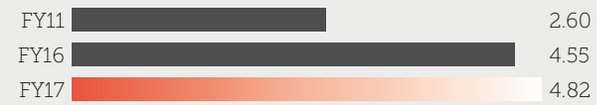
Outlook, 2017-18

Home Textiles business will market 50 per cent of the output from the expanded facility within India and the rest abroad (principally USA, Middle East and ASEAN). The Company is optimistic of prospects following increased demand and corresponding under-penetration in B and C Indian urban locations. The company has seeded demand in these markets; its increased captive production will progressively service these seeded markets. Besides, the company intends to introduce new designs and finishes to strengthen consumer traction.

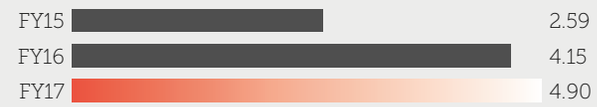
How we are enhancing the value of this business

Home Textiles

Revenues as % of overall revenues

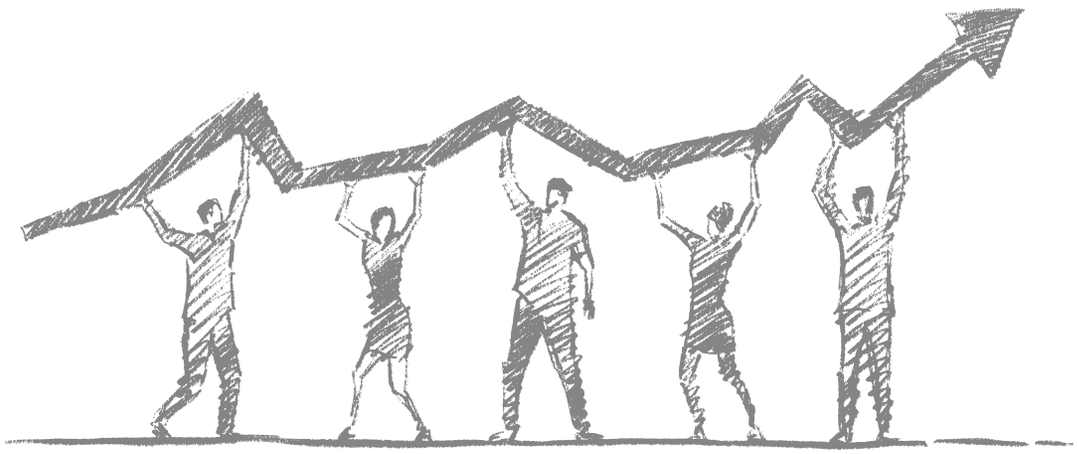


Projected throughput (mn metres / year)



Like all businesses, Sutlej addresses a variety of risks.

The Company proactively identifies these risks, which are addressed through strategic initiatives, maximising revenues, profits and margins.



RISK FACTOR
Customer attrition

Probable impact
Lower revenues and profits

Mitigation
Sutlej's large diverse portfolio addresses specialised yarns (cotton blended dyed yarn and cotton mélange) and specialty yarns (cotton mélange and blended yarns) - a one-stop shop solution that builds loyalty.

Result
Sutlej reported one of the highest sectoral margins, validating its strategic direction.

	2012-13	2013-14	2014-15	2015-16	2016-17
Total sales (tonnes)	76334	79666	80031	94186	98317

RISK NATURE
Inability to match consumer preference



Probable impact
Sutlej's inventory could become irrelevant

Sutlej response
The Company invested in product development and innovation; the Company sold-to-manufacture as opposed to make-to-sell.

Result
The Company's revenues from value-added products increased from 25% in FY 14 to 35% in FY 17.

	2012-13	2013-14	2014-15	2015-16	2016-17
Proportion of value-added cotton mélange and blended yarn in the total capacity (%)	25	26	35	29	35

RISK NATURE
Raw material challenges



Probable impact
Volatile raw material costs; input non-availability; inability to address consumer preferences even after altering raw material mix

Sutlej response
The Company worked with a variety of fibres (natural and man-made) with the objective to moderate raw material costs, enhance application flexibility and increase product functionality.

Result
The Company's raw material cost as a percentage of revenues declined from 58 per cent in 2015-16 to 56 per cent in 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Raw material cost as % of revenues	63	61	61	58	56

RISK NATURE
Global economy slowdown



Probable impact
Sutlej could experience a demand and revenue decline in the countries of its presence.

Sutlej response
The Company was present in 65 countries at the close of FY 17, an adequate de-risking against economic weakness in one or few countries.

Result
Exports grew 6 per cent in FY 17; exports as a proportion of revenues have even declined by 1 per cent.

	2012-13	2013-14	2014-15	2015-16	2016-17
Exports as % of revenues	20	25	26	28	28

RISK NATURE
Weakening downstream relevance



Probable impact
Weakening of some downstream customer sectors

Sutlej response
Sutlej addressed a widening range of customers (knitting, weaving, home applications, industrial and miscellaneous).

Result
The company reported a CAGR in revenues of 11 per cent in the three years ending FY 17.

RISK NATURE
High debt cost



Probable impact
Weaker competitiveness

Sutlej response
The credit rating agency CARE upgraded the company's rating from CARE AA+ to CARE AA-, signifying high safety for long-term funds and CARE A1+ for short-term bank facilities.. The Company's average debt tenure became more agile to market realities.

Result
These ratings helped moderate debt costs of the Company to a significant extent over a period of time.

RISK NATURE
Inefficiency in addressing customer needs



Probable impact
Customers moving to competitors

Sutlej response
The Company increased investments in capacities, enhancing its ability to service growing customer needs.

Result
The Company possesses adequate yarn capacity to sustain growth for two years

	2012-13	2013-14	2014-15	2015-16	2016-17
Y-o-Y investment in capacity addition (Rs. crores)	7	1	150	144	269
Y-o-Y spindle addition	7488	1248	32000	83952	38928

RISK NATURE
Sub-efficient manufacturing technologies



Probable impact
Lower product quality and weak manufacturing efficiency

Sutlej response
The Company invested in cutting-edge scalable technologies.

Result
The Company was able to run its plants at the highest operating efficiencies (availability and utilisation).

	2012-13	2013-14	2014-15	2015-16	2016-17
Capacity utilisation %	94	96	96	96	95

Engagement with the Community

At Sutlej, as important as the legal and ethical creation of wealth is the responsibility for egalitarian use of the same for the benefit of the widest sections of the socially disadvantaged sections of the society as well as protecting the ecology, habitat, and giving back to nature. A strong sense of social responsibility is therefore an integral part of Sutlej's corporate value system and ecosystem.



Sutlej participates in Rajasthan Government's 'Mukhya Mantri Jal Swavalamban Abhiyan'

Keeping this in view, the commitment towards conducting business in a responsible manner is documented in the Sutlej Code of Conduct (SCoC).

Our approach to CSR is guided by the CSR and Affirmative Action Policies. Over a period of time, our social initiatives have evolved from being focused on "giving to society" to "creating an enabling environment" and presently, with empowered communities willing to participate in partnering with us to "create self-sustained communities".

During the year, Sutlej spent Rs. 6.32 crores s on societal activities. We also encourage our employees and partners in fostering a sense of social commitment amongst all stakeholders through various volunteering programmes and projects.

Our CSR Committee (a Committee of the Board of Directors) oversees and reviews our CSR initiatives. The Committee sets the targets at the

beginning of every year along with financial budgets, reviews activities against the budgeted and approved projects, and monitors achievements.

At Sutlej, we believe that Government interventions alone cannot be sufficient to improve the socio-economic conditions of the local communities. We, therefore, share the responsibility of meeting the needs of the local community through thematic interventions, designed in tune with our vision.

We shoulder the responsibility of meeting the needs of the local community in and around our manufacturing locations through diverse delivery mechanisms; the details of which are available in the CSR Report annexed to the Directors' Report.

Our community initiatives during the year spanned water conservation, provision of safe drinking water, contributions to Swachh Bharat Abhiyan projects, sports promotion, education, of the girl child, rural development projects, as well as the development of traditional arts and culture. Our CSR initiatives, in line with our philosophy of giving back to society, continued to improve the quality of people's lives across India.

We forged synergistic partnerships with community members, civil society and concerned government departments, to undertake large projects. One such project was Mukhya Mantri Jal Swavalamban Abhiyan Jaipur, which addressed the perennial problem of water shortage in the State. We firmly believe in contributing towards the long-term economic, social, environmental and intangible accretion to the society; we intermediate in making a lasting difference where it matters most, and pay attention to the long-term satisfaction of all stakeholders.

Education is yet another important area for us. Our aim is to promote education, (including special education) and employment enhancing vocational skills especially amongst children, women, elderly and differently-abled.

We have taken initiatives for the promotion and development of traditional art and culture. The Company organised various cultural plays such as "Mere Hisse ki Dhoop Kahan" and "Celebrating Diversity of J&K" at our Kathua Unit, J&K.

At Sutlej, we believe in the philosophy of "Everyone must play". Playing games is as important as education for a healthy and fruitful life. Given the rising importance of sports in India and the far-reaching visibility it creates, we are increasingly enthused about the role of sport in our CSR projects. We organised the T-20 Cricket Tournament for the martyrs of Jammu and Kashmir Police in the Kathua District of Jammu and Kashmir.



Team Sutlej flagging off relief for the flood affected in J&K state

We have taken initiatives for the promotion and development of traditional art and culture. The Company organised various cultural plays such as "Mere Hisse ki Dhoop Kahan" and "Celebrating Diversity of J&K" at our Kathua Unit, J&K.



Our focus is on the all-round development of the communities around our plants located in the rural areas and tribal belts around Bhawanimandi in Rajasthan, Baddi in Himachal Pradesh, Kathua in Jammu and Kashmir etc. We constructed a community Hall in Halqua Panchayat situated in Pathari district and constructed RCC benches on the bank of the canal at Sawan Chowk for the benefit of villagers.

Our CSR initiatives in the environmental space play a key role in impacting climate change, water use and energy savings. Sutlej efforts include aggressive targets to reduce greenhouse gas (GHG) emissions.

On our mission to build oxygen hubs, we undertook a tree plantation drive, construction of a public park and fountain at Birla Chowk situated at Jharmajri, Baddi, in Solan district of Himachal Pradesh.

In our operations and supply chain, we are committed to reduce greenhouse gas emissions, reduce the carbon footprint, optimise product life-cycle, reduce packaging waste, and encourage refurbishment, reuse, and resale. We help customers achieve more sustainable business outcomes by sharing best practices and investing in transformative solutions.



Fountain at Birla Chowk, Jharmajri, Baddi (H.P.)

Corporate Information

Board of Directors

Mr. C.S. Nopany - Executive Chairman
Mr. U.K.Khaitan
Mr. Amit Dalal
Mr. Rajan Dalal
Mr. Rajiv K. Podar
Mr. (Dr.) Mahmoodur Rahman
Mr. Sukhvir Singh [w.e.f. 10.09.2016]
Mrs. Sonu Bhasin
Mr. Dilip Kumar Ghorawat [Wholetime Director & CFO) [Resigned w.e.f. 10.09.2016]
Mr. Bipeen Valame [CFO w.e.f. 08.11.2016 and Wholetime Director w.e.f. 09.02.2017]

Executives

Corporate office

Mr. S.K. Khandelia - President & CEO
Mr. Bipeen Valame - Wholetime Director & CFO
Mr. D.R. Prabhu - Company Secretary & Compliance Officer

Unit Heads

Bhawanimandi Unit

Mr. S.S. Maheshwari - Executive President

Kathua Unit

Mr. K.C. Sharma - Executive President

Baddi Unit

Mr. D.L.Birla – Executive President

Daheli Unit

Mr. R.R. Kankani – Jt. Executive President

Auditors

M/s. Singhi & Co.
Chartered Accountants
Unit No.1704, Tower B,
World Trade Centre, DND Flay way
C-01, Sector -16,
Noida – 201 301 (U.P.)

Branch Auditors

M/s. S.R. Batliboi & Co. LLP
Chartered Accountants
Golf View, Corporate Tower 3,
Sector 42, Sector Road Gurgaon 122 002 (Haryana)

Registrar & Transfer Agent

M/s. Link Intime India Pvt.Ltd.
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai 400083
Tel. (022) 49186270; Fax (022) 49186060
Email id: rnt.helpdesk@linkintime.co.in

Bankers

Punjab National Bank
The Jammu & Kashmir Bank Limited
State Bank of India
State Bank of Hyderabad (Now known as SBI)
Bank of Maharashtra
United Bank of India
HDFC Bank Limited
IDBI Bank Limited
ICICI Bank Limited
Bank of Nova Scotia
Societe Generale
Abu Dhabi Commercial Bank
The Jhalawar Nagrik Sahkari Bank Limited

Registered Office

Pachpahar Road
Bhawanimandi 326502, Rajasthan

Manufacturing Units

Rajasthan Textile Mills

Bhawanimandi-326502, Rajasthan

Chenab Textile Mills

Kathua 184102 Jammu & Kashmir

Birla Textile Mills

Baddi 173205 Himachal Pradesh

Damanganga Units

1) Home Textiles
2) Processing

Village - Daheli
Near Bhilad 396105, Gujarat

Financial Highlights

(Rs. in crores)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue from Operations	2,249.62	2,074.03	1,878.58	1,883.90	1,690.37
Total Income	2,286.94	2,107.76	1,918.26	1,922.95	1,728.11
Earnings Before Depreciation, Interest and Taxes (EBDIT)	319.15	302.11	271.80	305.62	234.31
Depreciation,Impariment and Amortisation	85.02	79.84	69.91	75.19	70.15
Profit before Tax and Exceptional items	188.46	176.70	148.90	172.36	98.85
Exceptional items	-	3.88	0.68	0.64	6.06
Profit before Tax	188.46	172.82	148.22	171.73	92.79
Profit after Tax	157.94	143.46	115.46	131.38	76.97
Equity Dividend (%)	130%	130%	100%	80%	50%
Dividend Payout	25.63	25.63	19.72	15.33	6.39
Equity Share Capital	16.38	16.38	16.38	16.38	10.92
Reserves and Surplus	799.59	666.95	541.85	446.11	335.52
Networth	815.97	683.33	558.23	462.49	346.44
Gross Fixed Assets	1,990.31	1,655.84	1,393.30	1,226.41	1,147.50
Net Fixed Assets	1,139.41	877.23	687.16	563.17	545.17
Total Assets	2,045.17	1,675.48	1,340.82	1,272.94	1,149.16
Market Capitalisation	1,347.65	750.34	510.98	360.42	224.00
Capital Employed	1,852.19	1,490.93	1,162.13	1,100.47	1,009.83

Key Indicators

(Rs. in crores)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Earning Per Share (Rs.) #	96.41	87.57	70.48	80.19	70.47
Book Value Per Share (Rs.) #	498.06	417.10	340.74	282.30	317.20
Total Debt: Equity Ratio	1.27:1	1.18:1	1.07:1	1.36:1	1.87:1
EBDITA/ Gross Turnover %	14.19%	14.57%	14.47%	16.22%	13.86%
Net Profit Margin %	7.02%	6.92%	6.15%	6.97%	4.55%
Return on Networth %	19.36%	20.99%	20.68%	28.41%	22.22%
Return (PBIDT) to Capital Employed %	17.23%	20.26%	23.39%	27.77%	23.20%

Adjusted for issue of Bonus Shares in 2013-14 in the ratio 1:2

Directors' Report

TO THE MEMBERS,
SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Your Directors are pleased to present the Twelfth Annual Report, together with the audited financial statements of the Company for the year ended 31st March, 2017.

1. Financial Results

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The financial statements for the Financial Year ended March 31, 2017 are the Company's first Ind AS compliant annual financial statements with comparative figures for the year ended March 31, 2016 also under Ind AS. The date of transition is April 1, 2015. The disclosure and effects of first time adoption of Ind AS are detailed in the Notes to the financial statements.

The financial highlights of your Company for the financial year ended March 31, 2017 are summarized as follows:

1.1 Highlights of Performance

- Revenue from operations (Gross) stood at Rs. 2249.62 crores as compared to Rs.2074.03 crores in FY 2015-16;
- Profit before Tax for the FY 2016-17 was Rs. 188.46 crores as compared to Rs. 172.82 crores in FY 2015-16;
- Profit after tax for the FY 2016-17 was Rs. 157.94 crores as compared to Rs.143.46 crores in FY 2015-16.

This performance was achieved as cumulative outcome of multiple factors such as product rationalization, capacity optimization, cost control measures etc. taken by the management of your Company. The benefits of recently completed expansion, and the on-going expansion and modernization programmes in the current financial year, shall accrue in the current and future years.

1.2 Financial Results

(Rs. in crores)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from Operations (Gross)	2249.62	2074.03
Gross Profit	**273.48**	**256.54**
Less: Depreciation and Amortisation Expenses	85.02	79.84
Exceptional Item	-	3.88
Taxation:		
- Current	39.62	34.01
- MAT Credit (entitlement)/ Utilised	(23.04)	(18.06)
- Earlier years	0.07	-
- Deferred (net)	13.87	13.41
Profit after Tax	157.94	143.46
Add: Balance brought forward from the previous year	518.03	409.28
Less: Dividend paid during the year (including DDT)	25.63	19.71
Profit available for appropriation	650.34	533.03
Less: Appropriation		
Transfer to the general reserve	16.00	15.00
Balance in statement of profit and loss	634.34	518.03
Proposed dividend*	21.29	21.29
Corporate dividend tax*	4.34	4.34
Total	**25.63**	**25.63**

* (Dividend, as proposed by the Board of Directors after reporting date. Under Ind AS, such dividend is recognised as a liability, only when approved by the shareholders in the Annual General Meeting)

Upon the proposed transfer of Rs. 16 crores to the General Reserves, an amount of Rs.634.34 crores is proposed to be retained in the Statement of Profit and Loss.

2. Dividend

Your Directors are pleased to recommend dividend of Rs.13 /- per share for the year ended 31st March, 2017, subject to shareholders' approval at the forthcoming 12th Annual General Meeting (AGM) of the Company. The total amount of dividend to be paid to the shareholders will be Rs.25.63 crores (inclusive of dividend tax).

3. Finance

3.1 The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through a process of continuous monitoring.

3.2 Rating

Your Company has been assigned a rating of:

i. CARE AA (Double A) for Long-Term Bank facilities (Term Loan) and for Long/ Short Term bank Facilities (Fund based) from CARE AA- (Double A Minus) signifying high degree of safety regarding timely servicing of financial obligations. Such facilities carry very low credit risk.

ii. CARE A1+ (A One Plus) for short term bank facilities (Non-Fund based) and commercial paper reaffirmed, signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

3.3 Deposits

The Company has discontinued its Fixed Deposit Scheme with effect from 31st March, 2014 and has not accepted public Deposits covered by Chapter V of the Companies Act, 2013. As on March 31, 2017, there were no unclaimed/ outstanding deposits or accrued interest with respect to deposits.

3.4 Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments made by your company and covered under the provisions of Section 186 of the Companies Act, 2013 are appended as notes to the Financial Statements.

4. Issuance of Non-Convertible Debentures/ Bonds

Your Directors have approved raising of funds by way of borrowings through placement of unsecured / secured, redeemable, non-convertible debentures/ bonds, or by any other permitted mode; for long term working capital requirements, growth plans, etc for an aggregate amount, not exceeding Rs. 500 crores [Rupees Five Hundred crore Only] as permitted under applicable law and subject to such approvals as may be required. This proposal is subject to approval by the Members at the ensuing 12th Annual General Meeting and all statutory and regulatory compliances.

5. Expansion, Modernisation and other Capital Projects

The financial year under review witnessed substantial expansion activities carried out by your company through organic means.

5.1 Expansion Projects

The details of the expansion projects undertaken are given below:

5.1.1 Expansion of RTM, Bhawanimandi, by 35,280 Spindles

Your Company has successfully completed expansion of its Unit Rajasthan Textiles Mills, Bhawanimandi (Raj.) by 35,280 spindles to manufacture value added cotton mélange and cotton blended dyed yarn and has commenced commercial production from 15th March, 2017. The Company has incurred a cost of Rs.256 crore upto March 31, 2017 on this project.

Post this expansion, yarn spinning capacity of Rajasthan Textiles Mills Unit stands at 126,864 spindles as on March 2017, and the Company's spinning capacity at 416,616 spindles as on March 2017. The Company would also be adding 17 knitting machines in RTM expansion project. The addition of the new capacity enables the Company to further strengthen its position as a leading player in the niche Cotton Mélange, cotton blended dyed yarn and knitted fabric segment.

5.1.2 Expansion Project at Damanganga Home Textiles, Daheli, Bhilad

Your Company has completed expansion project of Damanganga Home Textiles, Daheli, Bhilad Gujarat at a cost of Rs. 81.41 crore as against estimated cost of Rs.

88.50 crores. The same has increased its capacity to 9.6 Mn metres p.a from 4.8 Mn metres p.a. The expansion of operations in Home Textile Division will ensure further strengthening of Company's end to end operations from Yarn to Home Textile.

5.1.3 Expansion Project at BTM, Baddi, (H.P.) for 100% Polyester Industrial Yarn and blended specialty synthetic yarn

Your Company has decided to expand spinning capacity of BTM by setting up facilities for 28800 Ring Frame Spindles to manufacture 100% polyester and coarse count polyester cotton yarn for industrial application and other grey blended speciality synthetic yarn i.e. Modal / Linen, Polyester / Linen, Polyester / Modal involving an estimated capital outlay of about Rs 215 crores which will be financed by internal accruals and loans from banks and NCDs. This will increase the spinning capacity of BTM to 112176 spindles and that of the Company to 445,416 spindles. The project is slated to become operational by April ,2019.

5.2. Modernization, upgradation and debottlenecking Projects

Further, the Company has spent Rs.97.23 crores on modernization and balancing equipment at all its units during 2016-17. During the year under review, your Company has also undertaken facilities upgradation, debottlenecking and equipment upgradation across all the Units of the Company. These capital purchases were financed by internal accruals and loans from Banks.

6. Share Capital and Sub-Division Thereof

The Authorized Share Capital of your Company as on March 31, 2017 was Rs. 50 crores. The issued, subscribed and paid up Equity Share Capital of your company as on March 31, 2017 is Rs. 16.38 crores comprising of 16382862 Equity Shares of Rs.10/- each. During the year under review, the Company has not issued any further shares. Your Company's Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The traded value of shares of your Company on NSE and BSE, has witnessed steady buoyancy over the past couple of years. In order to improve liquidity and to make the share affordable to the small and retail investors, Board has considered it expedient to sub-divide the nominal value of each existing Equity Share of your Company from Rs.10/- each, to ten shares of Rs.1/- each. The proposal is subject to approval by the Members at the ensuing 12th AGM and also other statutory and regulatory compliances.

7. Economic Scenario and Outlook

Financial Year 2016-17 closed as a momentous year for the country marked by two landmark economic reforms even as the global economic scenario was indifferent.

The first reform was the rollout of the demonetization scheme in early November. In the long run, this reform aims to usher in greater transparency in financial transactions and a transition towards a cashless economy. In the short term, it has squeezed liquidity and consumption across the economy.

The outlook for 2017 brightens as liquidity in the economy moves towards normalization, with expectations for early revival and growth in overall consumption across several sectors.

The second is imminent roll out of the Goods and Services Tax (GST). GST is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate, can provide significant growth stimulus to business and contribute to the Prime Minister's mission of 'Make in India'. Your Company has been preparing for migrating to GST for the past year; changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST would bring in. While there are a few areas that need to be addressed, the Government has announced its firm intention to go live with the GST from 1st July, 2017, and your Company will be ready for this transformative reform.

8. Management Discussion and Analysis Report

The detailed review of the operations, performance and outlook of the Company is given separately in the Management Discussion and Analysis Report as required under Regulation 34 of the Listing Regulations, by way of "Annexure I" to this report.

9. Directors & Key Managerial Personnel

9.1.1 Change in Directorate & Key managerial Personnel

The Board of Directors accepted the resignation of Mr. Dilip Ghorawat, as Director on the Board and as Whole

Time Director & Chief Financial Officer (KMP) of the Company w.e.f. 10th September, 2016.

9.1.2 Appointment of Whole time Director:

Mr. Bipeen Valame was appointed by the Board of Directors as a Whole Time Director of the Company for a period of 3 years from February 9, 2017.

9.2 Director retiring by Rotation and re-Appointment as Director:

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Shri C.S.Nopany retires by rotation and is eligible for re-appointment at the forthcoming 12th AGM.

9.3 Confirmation of Appointment of Additional Directors:

Pursuant to the provisions of the section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Sukhvir Singh and Mr. Bipeen Valame who were appointed by the Board of Directors as Additional Directors of the Company w.e.f. 10th September, 2016 and 09th February, 2017 respectively hold office up to the date of the 12th AGM of the Company.

Necessary resolutions seeking approval of the members for appointment of directors proposed to be appointed /re-appointed, along with the respective brief profile of the Director, have been incorporated in the Notice of the ensuing Annual General Meeting. The Board recommends their appointment by the Members at the AGM.

9.4 Independent Directors

All the Independent Directors of the Company have been appointed for a fixed term of 5 consecutive years from the date of their appointment / regularization in the Annual General Meeting and they are not liable to retire by rotation. All Independent Directors have given their respective declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

9.5 Board Effectiveness

9.5.1 Familiarization Policy

Pursuant to Regulation 25(7) of Listing Regulations, 2015, the Board has framed a policy to familiarize the Independent directors about the Company. The policy is available on the website of the Company at the weblink:http://sutlejtextiles.com/assets/pdf/policy/Familiarisation%20Programe-%20Final_20.2.2016.pdf.

The familiarization policy of the Company seeks to familiarize the Independent directors with the working of the Company, their roles, rights and responsibilities, vis a vis the Company, the industry in which the Company operates, business model, etc.

9.5.2 Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as the evaluation of the working of the Board Committees. The manner of evaluation has been explained in the Corporate Governance Report.

9.6 Criteria for selection of Directors, KMPs and Senior leadership positions and their remuneration

The Board on the recommendation of the Nomination & Remuneration Committee has framed a Policy for selection and appointment of Directors, Senior Management personnel and their remuneration. The Policy is referred to in the Corporate Governance Report (Remuneration Policy) and is available on the Company's Website at the weblink:http://sutlejtextiles.com/assets/pdf/policy/remuneration-policy.pdf . The Policy contains, inter-alia, principles governing directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of director, etc.

9.7 Changes in Key Managerial Personnel

9.7.1 At the meeting of the Board of Directors held on September 07, 2016, Mr. Sunil Sharma was appointed as Chief Financial Officer (KMP) of the Company w.e.f. September 10, 2016 in place of Mr. Dilip Ghorawat, Chief Financial Officer (KMP) & Whole Time Director of the Company.

9.7.2 Mr. Bipeen Valame was appointed as Chief Financial Officer (KMP) of the Company w.e.f. November 08, 2016 in place of Mr. Sunil Sharma, who resigned as Chief Financial Officer (KMP) of the Company from that date.

9.7.3 Key Managerial Personnel

Pursuant to provisions of Section 2(51), 203 of the Companies Act, 2013, read with the The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key

Managerial Personnel of the Company:

- Mr. S.K.Khandelia, President & C.E.O.;
- Mr. Bipeen Valame, Wholetime Director & C.F.O.;
- Mr. Deelip Ram Prabhu, Company Secretary & Compliance Officer

10. Meetings of the Board

A calendar of prospective Meetings is prepared and circulated in advance to the Directors. The details of Board Meetings and Committee Meetings held during the year under review, are given in the Corporate Governance Report forming part of this Annual Report. The intervening gap between these Meetings was within the prescribed period under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. Related Party Transactions

All related party transactions that were entered into during the financial year were on an 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.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are of a foreseen and repetitive nature. A detailed statement of such related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors for their review on a quarterly basis. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the notes to the Financial Statements.

The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the weblink: http://sutlejtextiles.com/assets/pdf/policy/policy-on-related-party-transactions.pdf.

12. Internal Financial Control Systems

Your Company's Internal Financial Control Systems are robust, comprehensive and commensurate with the nature of its business, and size, scale and complexity of its business operations. The System covers all the major processes including operations, to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal auditors continuously monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management with regard to the internal control framework.

The policies and procedures adopted by the Company ensure the orderly and efficient conduct of its business, adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of the records and the timely preparation of reliable financial information.

The Audit committee actively reviews adequacy and effectiveness of internal control systems and suggests improvements, for strengthening them in accordance with the business dynamics, if necessary. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system and compliance to accounting policies and procedures followed by the Company.

13. Auditors Report

The Board has duly reviewed the Statutory Auditors' Report on the Financial statements including Notes to the Financial statements. The observations of the Auditors in their Report on the Financial statements of the Company are self-explanatory and in the opinion of the Directors, do not call for any further clarification.

14. Auditors

14.1 Statutory Auditor

As per Section 139 of the Companies Act, 2013 (Act), read with the Companies (Audit and Auditors) Rules, 2014, an audit firm acting as the Statutory Auditor is required to be rotated upon completion of two terms of five consecutive years i.e. after a maximum period of ten years. The Act provides timeline of three years to rotate the Statutory Auditors, who have already completed a tenure of ten years.

M/s. Singhi & Co., Chartered Accountants (Firm Reg.

No.:302049E), the current Statutory Auditors of the Company were appointed as the Statutory Auditors of the Company in September, 2005 and were appointed at the every Annual General Meeting thereafter. They have already completed their full tenure of ten years, and need to be replaced by a new Statutory Auditor. Similarly, the Branch Auditors, M/s. S. R. Batliboi & Co. LLP, New Delhi, (Reg. No.301003E) who retire at the conclusion of 12th AGM of the Company, have also completed their full tenure of ten years., and shall not be re-appointed due to ineligibility for reappointment under/by virtue of section 139 of the Companies Act, 2013.

The Company is therefore required to appoint an audit firm to audit the accounts and financial statements of the Company as Statutory Auditors for a tenure of five (5) years, commencing from the FY: 2017-18 to 2021-22 in replacement of the present Auditors M/s. Singhi & Co., as well as M/s. S. R. Batliboi & Co. LLP.

The Board of Directors at its meeting held on May 18, 2017, recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 101248W/W-100022) as the new sole Statutory Auditors of the Company, to hold office for one term of five (5) years, commencing from conclusion of the ensuing 12th AGM upto the Annual General meeting of the Company to be held in calendar year 2022.

The Company has received a certificate from the proposed Statutory Auditors to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Companies Act, 2013. As required under the Listing Regulations, 2015, the proposed auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under Regulation 33 of Listing Regulations, 2015.

Accordingly, the Board proposes appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the sole statutory auditors of the Company in lieu of M/s. Singhi & Co., present Statutory auditors as well as M/s. S. R. Batliboi & Co. LLP, present Branch Auditors, to hold office from the conclusion of the 12th Annual General Meeting till the conclusion of the 17th Annual General Meeting of the Company. Necessary resolution seeking approval of the members for appointment of new Statutory Auditors has been incorporated in the Notice convening the 12th Annual General Meeting.

14.2 Internal Auditors

The Board of Directors upon the recommendation of the Audit Committee of the Board has appointed M/s. Vaish & Associates, Chartered Accountants (FRN:005388N) as Internal Auditors of the Company. They have confirmed their eligibility and have granted their consent to act as Internal Auditors of the Company.

14.3 Cost Auditors

In conformity with the provisions of Section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board on the recommendation of the Audit Committee, has appointed M/s. K. G. Goyal & Associates, Jaipur, Cost Accountants (Reg No. FRN-000024) to audit the cost records relating to Company's Units: Rajasthan Textile Mills, Chenab Textiles Mills, Birla Textile Mills, Damanganga Home Textiles and Damanganga Process, for the financial year ended March 31, 2017, at a remuneration as specified in the Notice convening the 12th AGM. The appointment is subject to the approval of the Central Government.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to K.G.Goyal & Associates, Cost Auditors is included in the Notice convening the 12th Annual General Meeting.

14.4 Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. R. Chouhan & Associates, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year under review. The Report of the Secretarial Auditor annexed to this Report, is self-explanatory and does not call for any further clarification.

15. Business Risk Management

Pursuant to Regulation 17(9) of the Listing Regulation, 2015 the Company has laid down a robust risk management framework to inform the Board about the particulars of risk assessment and minimization procedures. Your company has formed a Risk Management Committee, for timely risk identification and mitigation as a better corporate governance practice.

The risk management framework is designed to identify, evaluate, and assess business risks and their impact on company's business. The risk assessment and minimization procedures are reviewed by the Board annually to ensure that executive management controls risk through the mechanism of a properly defined framework. The framework is aimed at creating and protecting shareholder/stakeholder value by minimizing threats and losses and identifying and maximizing opportunities.

16. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014 is given to the extent applicable in "Annexure II", to this report.

17. Corporate Governance

Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. Your Company has implemented all the stipulations enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and the requirements set out by the Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under Regulation 27 of the Listing Regulations forms a part of this report as "Annexure III". The requisite Certificate from the Statutory Auditors of the Company, M/s Singhi & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance stipulated under Regulation 27 of the Listing Regulations, is annexed to the Report on Corporate Governance, which forms part of this report.

18. Corporate Social Responsibility

In conformity with Section 135 of the Companies Act, 2013 and Rules made thereunder, your Company had formed a Corporate Social Responsibility ("CSR") Committee to oversee the CSR Activities initiated by the Company during the financial year under review. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. Your company has adopted a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR Activities carried out by the Company in accordance with Schedule VII of the Companies Act, 2013. The CSR Policy may be accessed on the Company's website at the link: http://sutlejtextiles.com/assets/pdf/policy/csr-policy-2014-adopted-13-05-2014.pdf. During the financial year 2016-17, the Company has spent Rs. 6.32 crores towards CSR activities as against Rs. 0.19 crores spent during the financial year 2015-16. The Company's key objective is to make a difference to the lives of the underprivileged and is committed to CSR engagement. The work of your company has been duly acknowledged and appreciated by the concerned State Governments and communities. A report on CSR activities as prescribed under the Companies Act, 2013 and Rules made thereunder is annexed herewith as "Annexure IV".

19. Vigil Mechanism / Whistle Blower Policy

Your company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your company's code of conduct.

Under the Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Regulation 22 of Listing Regulations, 2015, protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. Adequate safeguards are provided against victimization to those who avail of the vigil mechanism and direct access to the Chairman of the Audit Committee. The Chairman of the Audit Committee can be contacted at: acwhistleblower@sutlejtextiles.com

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: http://sutlejtextiles.com/assets/pdf/policy/whistle-blower-policy-adopted-13-05-14.pdf.

20. Prevention of Sexual Harassment at Workplace

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace. This has been widely communicated internally. Your Company

has constituted Internal Complaints Committees (ICC), which includes two women members to redress complaints relating to sexual harassment at its workplaces. During the year, no complaints were filed/received by the Company.

21. Significant and Material Orders Passed By The Regulators Or Courts

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

22. Extract of Annual Return

In terms of the provisions of Section 92 (3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in form MGT-9 for the Financial Year ended March 31, 2017 is annexed herewith as "Annexure V" to this Report.

23. Particulars of Employees

Disclosures pertaining to remuneration and other required information pursuant to Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, is provided herewith under "Annexure VI", which forms part of the Report.

24. Human Resources:

Your Company believes that its employees are one of the most valuable assets of the Company. During the year under review, the Company organized various training programs at all level to enhance skills of the employees. As on 31st March, 2017, total employee strength at Sutlej was over 15,231. The employees are deeply committed to the growth of the Company.

25. 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:

a. that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

26. Acknowledgements

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the various stakeholders, including financial institutions and banks, Governmental authorities and other business associates, who have extended their valuable support and encouragement during the year under review.

Your Directors take the opportunity to place on record their deep appreciation of the committed services rendered by the employees at all levels of the Company, who have contributed significantly towards Company's performance and for enhancing its inherent strength. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

Place: Mumbai
Dated: 18.05.2017

(C.S. Nopany)
Executive Chairman

Management discussion and analysis

Global economic overview

The economy grew by 3.1% in 2016 and while growth was subdued during the first half of the year, there was a slight acceleration in the growth in the last quarter of 2016, fuelled by an improvement of conditions in the emerging markets and a stronger growth in the developed markets.

The global economy was subdued due to a variety of factors such as the Brexit vote, a still-inflamed Middle East and the election of Donald Trump in the US Besides these political factors, the weather conditions were also challenging due to the El Niño effect which greatly affected the agricultural sector in many countries.

IMF estimates that the global economy would do better in 2017 and 2018. Growth rates are expected to pick up to 3.4% and 3.6% in 2017 and 2018 respectively. This projected pick-up in growth is to mainly happen due to the emerging market and developing economies (EMDEs). The EDME growth was 4.1% in 2016 and it is expected to pick up to 4.5% for 2017 and further rise to 4.8% in 2018. (Source: IMF)

According to the World Bank's report Global Economic Prospects, the growth in the global trade has been the weakest in 2016 ever since the 2009 global crisis. Factors that caused this slowed trade growth are:

- Cyclical drawdown of the inventories of developed economies
- Imports fell during the year. This fall was mainly driven by China and other commodity exporters
- Global investments were subdued which led to slowed global trade

Other factors that influenced world trade were liberalisation and protectionism, which held back trade growth but have had a limited impact.

For the coming year, the WTO has forecast a slight improvement in the scenario. All of its trade-related indicators including air freight, automobile sales, export orders and container shipping have registered a robust growth in the first couple of months in 2017, which suggests that the first quarter of 2017 would see a trade growth strengthening.

Drivers of trade	Level of index	Direction of change
Merchandise trade volume(Q2)	97.4	→
Export orders	102.2	↑
International air freight(IATA)	105.8	↑
Container port throughput	101.0	↑
Automobile production and sale	103.1	↑
Electronic component	99.0	→
Agriculture raw materials	99.2	↓

As global activity picks up its pace from the subdued performance of last year, there would be increased investments and gradual normalisation of the stressful macroeconomic conditions in some countries, leading to an improvement of the trade conditions. (Source: IMF, WTO)

Indian economic overview

India has been hailed as the 'bright spot' in the global economy. Living up to its name, India outpaced China as the fastest growing economy in 2015. Economists suggest that India could be the only nation among the emerging countries to show substantial fundamental growth in 2017.

India is the...

- Seventh-largest economy in terms of nominal GDP
- Third-largest in the world on a PPP basis.
- Seventh among the top-ten wealthiest nations in the world with a total individual wealth of $5,600 billion

The nation's growth is dependent on agricultural development. Earlier India was largely dependent on imports but now it is a net exporter of food. Healthcare and well-being has seen tremendous improvement leading to the development of significant demographic dividends and India would soon have the largest youngest workforce. Private consumption and export of goods and services have contributed towards India being one of the fastest growing large economies in the world. India's IIP registered a moderate growth of 0.4% during April-November 2016 because of strong growth in electricity generation offset by moderation in mining and manufacturing.

IIP primarily comprises the following sectors (forming around 38% of the index):

- Coal
- Crude oil
- Natural gas
- Refinery products
- Fertilisers
- Steel
- Cement
- Electricity

These eight sectors registered a cumulative growth of 4.9% during April-November of FY17 as compared to 2.5% during April-November of FY16.

India's GDP growth estimates for 2016-17 were lowered from the earlier predictions of 7.6% by the IMF to 6.6%. This was due to the latest demonetisation decision taken by the Indian government. As per the IMF, the temporary cash shortage and lowered spending in the nation would cause slowed growth in FY17 which was expected to be a temporary disruption.

According to the Indian Central Statistics Office, the nation's GDP growth for 2016-17 has been 7.1%. Credit rating agency Moody's Investor Service has projected that India would grow at 7.2% in 2017-18 and gradually gather pace to touch 7.7% by 2019-20.

India has been recording sustained trade deficits since 1980; a major factor contributing towards this was the high growth of imports, mainly of crude oil, gold and silver. India's exports fell 15.9% to $261.1 billion in 2015-16 while imports contracted by 15.3% to $379.6 billion. The trade deficit for the year was $118.5 billion, which was the lowest in the last 5 years. This deficit was caused by the collapse in the global oil prices which made India the net beneficiary of this event.

Performance of key sectors in Q4 of 2016-17

- Mining sector growth picked up to 6.4%
- Agricultural sector growth remained robust at 5.2%
- Financial services grew by 2.2%.
- Manufacturing sector grew by 5.3%
- Trade, hotels and transportation grew by 6.5%

(Source: Hindustan Times, TOI, IMF, ET, Business Standard, IBEF, Livemint)

India's share in global trade:

- Exports: 1.6%
- Imports: 2.4%
- Services exports: 3.2%
- Service imports: 3%

Key highlights, 2015-16

- Exports declined by 15.8% mainly due to fall in oil exports, owing to subdued global demand and fall in oil prices while imports shrank by 15.3% y-o-y.
- Gold imports declined by 7.8% due to reduced domestic demand and fall in prices.
- India's commodity exports of petroleum and crude oil products have dropped drastically by 49.4% and imports of petroleum crude and products have decreased by 40.5% y-o-y. This was mainly due to the fall of crude oil prices in the global markets leading to a reduction in the value of imports.

- The net trade in services has declined by 5.61% y-o-y for first 11 months in 2015-16.
- Within services, telecommunications, computer, and information services fetched highest net inflows during the year 2015-16 (Apr-Dec).

The trade scenario has been positive for FY 2016-17 and there has been a revival of exports from September 2016 which has continued so far. India's exports grew at the fastest pace in the last five years in 2016-17 by 4.7% to $274.65 billion despite the demonetisation drive that slowed domestic economic activity since November. Imports grew even at 45.3% to $39.67 billion in March 2017 as crude oil imports doubled while gold imports grew by an eye-popping 329%.

The trade deficit for April-January, 2016-17 was estimated at US$ 86,389.08 million which was 19.82% lower than the deficit of US$ 107,744.74 million during April-January, 2015-16.

India's trade balance has also shown an improvement. Taking merchandise and services together, overall trade deficit for April- January 2016-17 is estimated at US$ 38,073.08 million which is 29.7% lower in Dollar terms than the level of US$ 54,187.74 million during April-January 2015-16.

(Source: Ministry of Commerce & Industry, Indiainfoline, IBEF, Livemint, Trading Economics, Hindustan Times)

An overview of the global textile and apparel industry

The year 2016 was a very challenging one for the global textile and apparel industry as the global economic growth was very slow which lowered the textiles and clothing output sales by 1.5%. This drop in the sales was majorly due to a lower demand. The textile and clothing producer prices remained stable in some regions such as China but decreased in almost all other major regions. This had a direct impact on the international trade which lost 40 billion worth of business. International trade accounts for one third of the total textiles and clothing output.

Two major factors to watch out for in this industry for the coming year are:

- Changes that are happening to trade barriers. The talks of the withdrawal of the US from the Trans-Pacific Partnership would likely lead to development of regional trade agreements.
- As commodity prices are on the rise once again, the producers must be able to pass on the increase in the price to customers to protect their erosion margins.

Sectoral strengths

- Consistent long term demand due to the rising middle class in the emerging markets

Three trends in the global textile supply chain for 2017:

• Extensive integration and collaborations in the various parts of the supply chain to find better solutions, achieving effective and faster results. Companies are needed to increase their visibility and make it easier for them to be identified for these fulfilling partnerships to form.

• Technical textiles could develop into the most resilient sector in the textile industry; hence there should be increased focus on value added specialties. This is slowly leading to textile companies to transform their production lines and fast fashion manufacture to producing more smart textiles.

• Data and IT is expected to facilitate global textile chain management which will help in faster replenishment of stocks in retail stores and efficient relay of data and information to all the participants of the supply chain management. Multi-participant platforms are also expected to evolve where all members can search, network and communicate with one another effectively.

Key global players

Country	Ranking
China	#1 producer #1 exporter
India	#2 producer #4 exporter
Italy	# 3 producer #3 exporter

- Steady supply due to more reliance on manmade fibers which have stable prices as compared to those of cotton and wool

Sectoral weaknesses

- Volatile prices of raw materials and rising wages tend to affect the profits
- Very high competition in margins of products which are further stressed due to the rise of e-commerce companies
- Rapid changes in customer behavior which force textile and clothing companies to become more flexible

(Source: Euler Hermes,BizVibe)

American textile industry

The American textiles industry faced a deep contraction between 1995 till 2009 but post that this sector has rebounded and has been doing well ever since. Since this recession, textile production has grown by 21% in America. The American textile industry is the fourth largest in the world and in 2015; the American textile industry generated some $55 billion in shipments and directly employed about 232,000 workers. An increased demand and investments in technology has helped textile companies in the US to achieve phenomenal growth, both in domestic job creation and the bottom line.

Innovation in the industry has led to the growth of two new categories- nonwovens and technical textiles. The nonwoven textiles are fiber based and made of fabric that is compressed, heated or tangled, like felt. Envelopes, facial wipes, mops and medical scrubs are non-woven products. In the last decade, North Carolina has gained 1,945 jobs in the non-woven products business.

Technical textiles are made with function as the primary criteria. Technical textile clothing includes protective clothing for firefighters, welders and astronauts; medical applications such as implants; and geotextiles that include reinforcements for embankments. These are now the hottest growth categories and have achieved a 34.9% increase in exports from 2007 to 2014. Technical textiles are also called smart textiles and this market was valued at $795 million in 2014, and is expected to grow to $4.2 billion by 2020.

Trade is a major factor that affects this industry and once such trade agreement that was made official in February 2016 was the Trans-Pacific Partnership (TPP). It was signed among Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. If this agreement enters into force, U.S. imports of textiles are predicted to climb 1.6% by 2032. Over the same 15-year period, exports of U.S.-made textiles are predicted to rise 1.3%.

(Source: Textile world, FAS, NCTO)

Chinese textile industry

Textile is considered to be a traditional industry in China and has two segments- textile sector and the clothing sector. Chinese textile and apparel industry is currently in the middle of challenges in terms of market supply, demand and threat from competitors. Rising costs of labor is resulting in a shift of manufacturing locations to places where production can be achieved at both cheaper costs and labor. As labor costs in China grow and many clothing companies shift their workforce to other Asian countries such as Vietnam, Pakistan and Bangladesh, which resulted in a decline in China's textile exports for the first time in 2015.

But research suggests that this China textile and apparel industry is geared towards a rebound. Given the current climate in Asia's textile and garment sector, China Textile and Apparel Industry Report 2016-2019 indicates that for the next couple of years China will remain the leading textile and apparel sourcing country. The main reason behind this prediction was that China's competitors would not be able to match up to China in terms of scale, infrastructure, efficiency, expertise and stability.

China produces 40% of global textile and apparel exports and is shifting to more value added products to improve its expertise. Besides, since the Renminbi Exchange Rate Reform in 2015, the Yuan has depreciated more than 11% and this is expected to increase export income, boost

the competitiveness of the exports and benefit export-oriented manufacturers.

(Source: dccchina, East China Fair)

European textile industry

The European textile and clothing sector today represents a turnover of € 170 billion and employs about 1.7 million people, 70% of which are women, across 175,000 companies. Small and medium-sized industries dominate this market and it has undergone a profound change over the years. Three major ones are:

- Move from commodities to specialties
- Use of textile materials in more technical end markets
- Move from mass production to customisation and added value services

These changes could bring about stabilisation in this industry and make it more competitive. Since 2004, EU textile and apparel industry has increased its labor productivity by 36% and its exports to markets outside the EU by a cumulative 37% without missing a single year in between. The top producers of textiles and fashion goods in the EU include- Italy, Germany, France, Spain, Portugal, Belgium, Poland, Romania and Austria. The SMEs in the EU textile space are expected to create more than half a million job openings by 2025.

The impact of Brexit was predicted to slow down the textile industry in Europe especially the Belgian companies, which were expected to be hit hard as currency devaluation will make imported goods more expensive, benefitting the British manufacturers. The long term damage that was anticipated was in regards to the unified market for trades. UK is no longer a part of the market and hence could impose tariffs that may slow trade and the EU may also then have to harden its stance on the import of British goods. Concrete estimates can be made once the UK strikes a deal with the EU regarding their trading arrangements.

(Source: Fashionating World, Euractiv, European Technology Platform)

UK textile industry

Post UK's exit from the EU, its exports of apparels and textiles have gone up by 7.05% in to £9.1 billion in 2016, compared to exports of £8.5 billion in 2015 as per the figures released by the UK Fashion & Textile Association (UKFT). The EU was the largest market for UK in terms of exports and accounted for almost 74% of all UK's exports.

This consistent rise in UK's exports despite its exit from the EU is due to increased interest of heritage UK manufacturing, the skill of British designers and UK's importance as key apparel trading hub. UK apparel and textile exports to the EU rose from £4.9 million in 2012 to £6.7 billion in 2016, representing an increase of £1.8 billion or 36%.

Hence the impact of UK's exit from EU on the textile industry is still unclear and may take longer for full realisation. As per industry experts, as Britain is EU's largest importer of apparel, free trade agreements with major manufacturing nations are likely to be formed.

(Source: UK Fashion & Textile Association, Fashionating World)

Indian textile industry

The Indian textile industry is the second largest sector in the country after agriculture and in 2015-16, this sector employed 51 million people directly and 68 million indirectly; the power loom sector alone employs almost 6.5 million people. The latest demonetisation that happened in the country had impacted this sector and few former business cities such as Bhiwandi not far from Mumbai, which was once country's power loom capital is now deserted. This downturn is estimated to be temporary and FY 2016-17 is expected to be good for the textiles industry in India.

This cash shortage and demonetisation has also been positive for the textiles sector. According to The Economic Times, more than 500,000 workers have already opened bank accounts and among them were 220,000 weavers and 275,000 workers from the jute industry, many of them from textile hubs like Tirupur, Bhiwandi and Surat. This is seen as a positive movement towards the nation's gradual move towards a cashless economy.

The textile ministry also took initiatives to set up around

Indian textile industry's contributions:

- Contribution to industrial production: 14%
- Manufacturing sector: 14%
- GDP: 5%
- Export earnings: 12%

900 camps across the country to help textile workers to open bank accounts and have appealed to textile manufacturers to support this movement by using unified payment interfaces (UPIs)

The Indian textile and clothing industry is expected to grow substantially according to a report issued by the Textile Outlook International and growth is expected to be driven by strong expansion of the domestic market along with high exports. In June 2016, the Indian government, under the heading of the New National Textile Policy, announced a special package of measures for this industry with the intention of increasing exports by 2024-25 and generating 35 million new jobs mainly for women.

The Indian textile industry is estimated to be worth US$ 108 billion and is expected to increase this net worth to US$ 314 billion by 2025, representing a growth of 14% per year over a 12 year period. This sector is one of the largest contributors to India's exports with approximately 11 % of total exports. India's overall textile exports in 2015-2016 stood at close to $40 billion and the country expects its textile and apparel exports to reach $80 billion by 2020.

India has a population of1.28 billion and is currently benefitting from the retail boom. The nation's expanding middle class, high percentage of young customers and rise in disposable income are also drivers for the growth of this industry. There has also been increased interest among foreign retailers and manufacturer in establishing their presence in India. Numerous high profile brands have entered the Indian market in the last few years such as Aeropostale, Gap, H&M and Massimo Dutti.

(Source: The Hindu, Business Standard, Indian Textile Magazine, Textile Association of India, Apparel Magazine)

Global cotton industry overview

As per the International Cotton Advisory Committee (ICAC), the world production of cotton in 2016-17 is estimated to be 22.83 million tonnes, which is an increase of 1.76 million tonnes from the 21.07 million tonnes produced in 2015- 16. Global consumption of cotton is also estimated to have gone up by 0.5 million tonnes to 24.25 million tonnes in 2016-17. Global cotton production is expected to grow by 23.1 million tons on a planted area of 30.4 million hectares in 2017-18.

In 2017-18, the world cotton consumption is expected to exceed production by 1.2 million tons and stocks are expected to decline for the third consecutive season to

- India's cotton production in 2016-17 is projected to rise by 2% to 5.9 million tons and area is expected to expand by 7% to 11.2 million hectares.
- China's cotton production in 2016-17 may increase by 2% to 4.7 million tons but would depend heavily on subsidy.
- In the US, production of cotton is expected to rise just by 1% to 3.7 million tons and harvested area is expected to expand by 3% to just about 4 million hectares.
- Pakistan's cotton production is expected to grow by 11% to 1.9 million tons and its harvested area is expected to expand by 3% to 2.5 million hectares.

16.7 million tons. China's ending stocks could fall by 19% to 7.5 million tons which will account for 45% of world stocks at the end of 2017-18. Post 2011-12, this would be the first time that China's stocks would account for less than 50% of the world inventories. World ending stocks besides China are expected to grow by 7% to 8 million tons which could place a downward pressure on the prices later this season.

Cotton prices have been maintained despite factors such as the sluggish world demand, reduced imports in China, weakness in other commodity markets, and a stronger dollar. In case of indicators becoming bearish such as lack of exportable supplies to Central Asia and West Africa, coupled with India's reduced exports would actually help to maintain the current supporting prices.

In terms of cotton trade, if one looks at net effect of the world trade adjustments, world cotton trade for 2017 is estimated at 36.7 million bales, up 1.0 million bales from 2016. It is expected that 33.7% of world trade would be captured by the United States by exporting 12.4 million bales in the upcoming year.

(Source: ICAC, Hindu Business Line)

India cotton industry overview

Cotton plays an important role in the Indian economy as the nation's textile industry is mainly cotton based.

India is the second largest producers of cotton in the world. The Cotton Association of India estimates that the amount of cotton produced in India during the FY2016-17 will be 34.1 lac bales, which is 1% higher than FY 2015-16. The domestic consumption is forecasted at 290.00 lac bales, which leaves the nation with a surplus of 114.00 lac bales. The Directorate of Cotton Development estimates that the production is expected to be higher than the last fiscal. The cotton prices are expected to remain stable or increase slightly due to higher supply and a slight decline in the domestic consumption of cotton and weak demand from China.

This higher production is the result of a favorable monsoon across all the cotton growing regions of the country. India's cotton production had reached a record high in 2013-14 and then had declined constantly in the next two years due to factors such as the white-fly attack especially in the northern region. But this year there is to be an increase in the production. Though India's productivity is well below the world average productivity mark, continued research by scientists and government's initiatives are expected to bridge this gap soon and lead India to achieve the world average productivity mark.

(Source: ET, Textile Association of India, CARE)

WORLD COTTON BALANCE SHEET IN MILLION TONS

Particulars	2015-16	2016-17*	2017-18*	% change	
				2016-17	2017-18
Opening stock	22.33	19.26	18.03	-13.75	-6.39
Production	21.07	22.85	23.39	8.45	2.36
import	7.54	7.76	8.17	2.92	5.28
Total supply	**50.94**	**49.87**	**49.59**	**-2.10**	**-0.56**
consumption	24.13	24.08	24.29	-0.21	0.87
Export	7.55	7.76	8.17	2.78	5.28
total demand	**31.68**	**31.84**	**32.46**	**0.51**	**1.95**
Ending stock	19.26	18.03	17.13	-6.39	-4.99

WORLD COTTON BALANCE SHEET IN LAKH BALES

Particulars	2015-16	2016-17*	2017-18*	% change	
				2016-17	2017-18
Opening stock	1313.53	1132.94	1060.59	-72.35	-6.39
Production	1239.41	1344.12	1375.88	31.76	2.36
import	443.53	456.47	480.59	24.12	5.28
Total supply	**2996.47**	**2933.53**	**2917.06**	**-16.47**	**-0.56**
consumption	1419.41	1416.47	1428.82	12.35	0.87
Export	444.12	456.47	480.59	24.12	5.28
total demand	**1863.53**	**1872.94**	**1909.41**	**36.47**	**1.95**
Ending stock	1132.94	1060.59	1007.65	-52.94	-4.99

1 bale: 170 kg / * estimated
Source: ICAC

Yarns

Global scenario

The global yarn market was estimated to be worth $10.27 billion in 2015 and reach a projected value of $12.64 billion by 2020 at a CAGR of 4.2%. Natural yarn types such as silk, hemp, and viscose have been in demand due to more and more preference for comfortable clothing but the market for blended varieties have also been experiencing higher than average growth due to their characteristic to combine the advantages of both natural and man-made yarns. Due to this high demand, the global yarn market is expected to have plenty of business opportunities in the next five years.

Artificial yarn markets are likely to experience a higher demand than natural yarns. Polyester, which is a type of artificial textile yarn, is most likely to experience the highest growth. But these artificial yarns are expected to face competition from the natural textile yarn such as hemp which is used extensively for industrial uses and silk for fabric.

Growth drivers

- The main reason that the global yarn market is facing such high demands is due to the increasing requirement for diverse physical and chemical properties in end-use products.
- Due to a high level of product development and marketing in regions such as Asia Pacific, Latin America, Eastern Europe and the Middle East, these are projected to cause a boost in the demand for yarn.
- Rising population levels in turn contribute towards increased demand for clothing and home furnishing products globally. Along with that, the rising per capita disposable income, mainly in the emerging markets is a driving force for the textile yarn market.

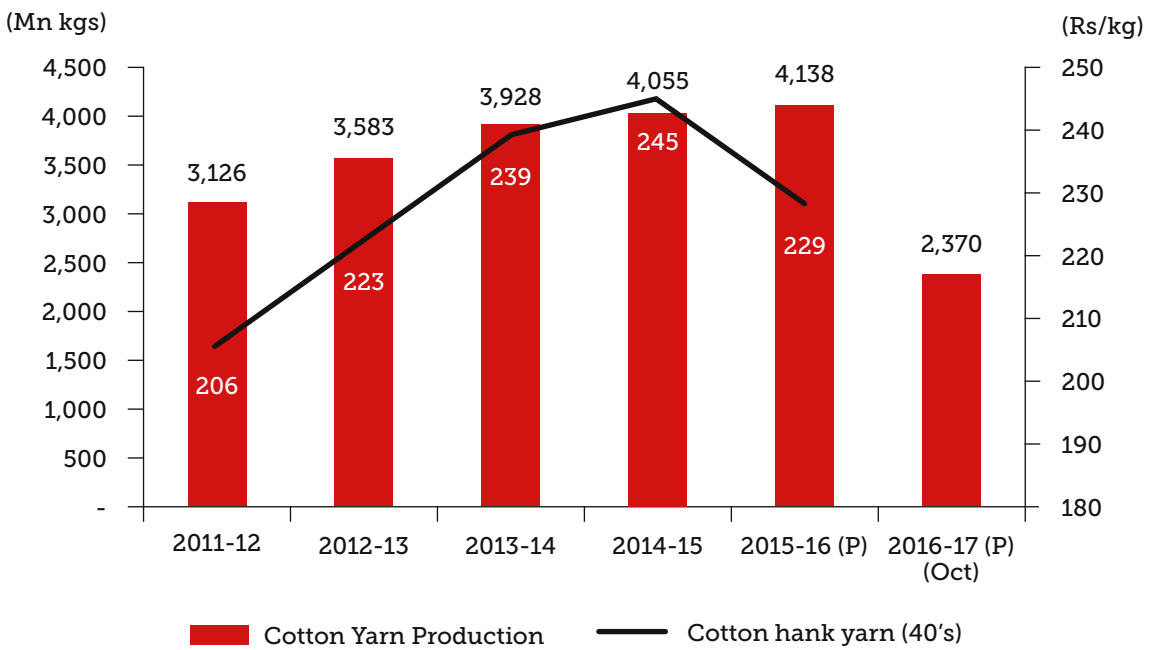
Indian scenario

Yarns form a major component of the Indian textile industry and it is one of the top exported categories of the Indian textile industry. For yarn, the key markets for India are China, Turkey, Egypt and Brazil. Within the Asia-Pacific region, India mainly exports yarn to Bangladesh, Pakistan and Vietnam. India's key products in the spun yarn segment are cotton and cotton-blended yarn.

Cotton yarn production declined by 10% in 2011-12 and then increased over the next two years, however, high prices of cotton and easy availability of MMF (manmade fibres) at competitive rates led to slower growth of production of cotton yarn. As per Office of Textile Commissioner, cotton yarn production was 4,138 million kilograms in 2015-16.

In the year under review, cotton yarn production is estimated to fall by about 5-7% to 3,936 million kilograms due to slow demand and MMF substituting cotton yarn as well as slowed direct imports of yarn from China. Yarn demand in other export markets will be healthy. Hence medium to long-term decrease in demand is to be offset by improvement in demand from Bangladesh, Pakistan and Vietnam.

Cotton yarn – production versus prices



(Source: Wazir Advisors, Ministry of Textiles, CARE Ratings)

India – capacities and investment

Indian textile capacities are divided into two major categories – small-scale industries (SSI) and non-small scale industries (non-SSI). Currently, there are about 1980 spinning mills under non-SSI and 1,350 spinning mills under SSI in India. Our nation's spinning capacity reached was 50 million in March 31, 2015. From FY11 till FY15, the capacity additions to spinning have been very low. Major reasons for this were the volatile demand and prices of cotton and cotton yarn, which was affecting the profitability of Indian spinners.

Capacity addition is expected to be slow between FY16 and FY21 and only three million new spindles are supposed to be added because of existing overcapacity, slowed demand and changes in the Technology Upgradation Fund Scheme. Most of this new capacity is to be added in mainly three states – Maharashtra, Gujarat and Telangana. (Source: CARE)

Indian textile and apparel exports

Exports are an important source of revenue for the Indian textile sector and India is the second largest exporter of textiles and clothing. Exports of textiles and apparel are expected to rise to US$ 65 billion by 2016-17 from US$ 40 billion in 2013-14 and increase further to US$ 82 billion by 2021. The textiles sector is also the largest contributor to textile exports, contributing to 11% of total exports of the nation.

Contribution of textile exports

- Readymade garments: 40% of total export revenues
- Cotton: 31% of total export revenues
- Man-made textiles: 16% of total export revenues

INDIA'S EXPORT STATISTICS TO WORLD

Commodity	Million United States Dollars			% change 2016/2015
	2013-14	2014-15	2015-16	
Textile & clothing	**37517.11**	**37661.47**	**36751.41**	**-2.42**
Textiles	22499.62	20811.41	19750.22	-5.10
RMG Clothing	15017.49	16850.07	17001.19	0.90
Cotton Textiles	**11550.93**	**11432.84**	**10958.24**	**-4.15**
Cotton Yarn	4555.38	3938.19	3610.56	-8.32
Cotton Yarn (Mn Kgs)	**1310.14**	**1253.33**	**1307.11**	**4.29**
Cotton Fabrics	2198.52	2443.32	2151.41	-11.95
Cotton Madeups	4797.03	5051.33	5196.26	2.87
Raw Cotton	3642.35	1900.84	1939.81	2.05
Raw Cotton(Mn Kgs)	**1947.68**	**1142.53**	**1347.09**	**17.90**
Cotton Textiles + Raw Cotton	**15193.28**	**13333.67**	**12898.04**	**-3.27**

Source of Data: GTA/Ministry of Commerce

(Source: IBEF, Cotton Textiles Export Promotion Council)

Indian home textiles segment

The home textiles sector is becoming one of the most lucrative segments in the textiles industry. And the consumption of home textiles is consistently being driven by growth factors such as rising consumer spending on home renovation and fashion sensitivity towards household furnishing. Indian home textiles are growing rapidly and are soon expected to overtake China's market. According to JM Financial securities, India's share in US imports of home textiles has been growing steadily over the last few years.

Growth in the housing sector and employment opportunities in the coming future also point to an uptrend in the Indian home textile market. Though this area is booming, India's per capita consumption is still comparatively a lot lower than other developing markets such as Brazil and China. In FY 2016-17, the Central Government had extended a 5% duty drawback benefit to the made-ups (including towels, bed sheets, curtains, decorative cotton products, among others) sector.

(Source: Business Standard, IBEF, Livemint, Bizvibe)

Growth drivers of the Indian textile industry

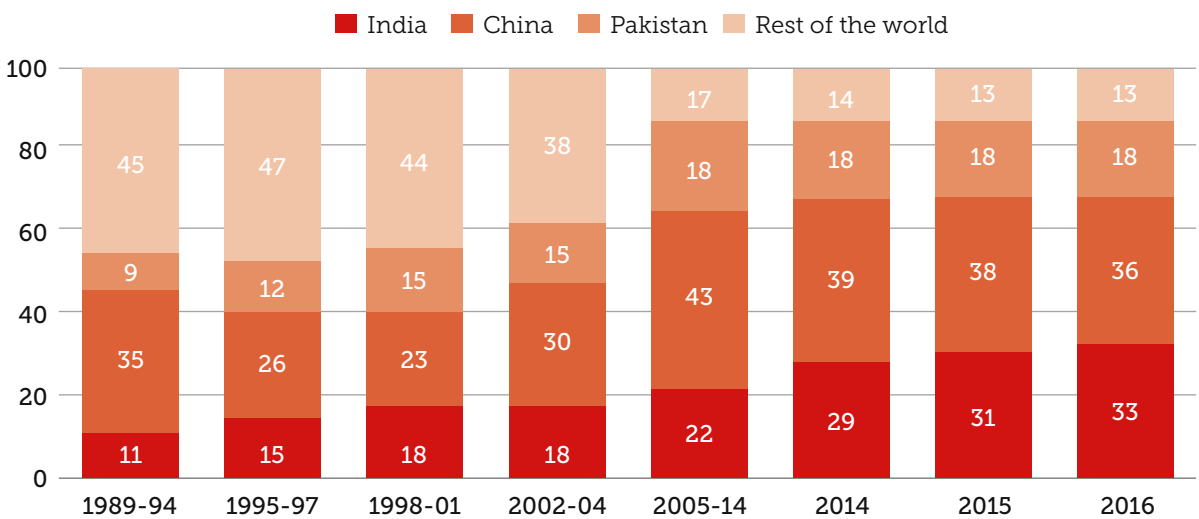
R&D: The Indian Government is increasing its spending on research and development so that there is faster technology upgradation, marketing innovation and better quality of goods that are produced, which will help the Indian textile industry to overtake China in the near future. The government has added R&D investments in textile machinery manufacturing which is the key to the growth of the textiles industry. India is already more competitive in terms of labor, power and manufacturing costs in textile industry, hence there is no reason why the nation will not be able to overtake China in the near future.

Demographics: India's young population is a major advantage to the nation. Majority of India's population is young, between the ages 15 to 64. There is a high demand for branded clothing among this youthful population which will drive the demand for textiles.

Organised retail: India's retail market is expected to grow to US$1.1 trillion by 2020 on the back of income growth, urbanisation and attitudinal shifts. In this sector, the organised retail sector is estimated to be 18-20% by 2020, growing at a CAGR of 20-25%. This will prove to be a major growth factor for the Indian textile industry.

Per capita incomes: India has been showing phenomenal economic growth in the past couple of years, as a result of which there has been a rise in the per capita income. This is often used as a measure to gauge living standards and India's per capita income is estimated to cross Rs. 1 lac

Market share (year-on-year in %)



Source: JM Financial Institution Securities

in 2016-17, up from Rs. 93,293 in the previous fiscal. This would lead to a huge change in the way majority of the working population live and there preference for quality products. This would in turn fuel the need for quality apparel, boosting production and offtake.

Urbanisation: As per the 2011 Census, 377 million Indians, comprising 31.14 % of total population, were living in urban areas. The UN Habitat's World Cities Report, 2016 said that 420 million Indians are living in urban areas as of 2015 and urban areas in India contribute to 60% of the nation's GDP. This urbanisation in India is already in a state of acceleration and estimates say that urban population projected to increase to about 600 million in 2030 and about 800 million in 2050 when one out of every two Indian is expected to be living in urban areas. This rapid urbanisation would be a major catalyst in driving the growth of the textiles sector.

Skill development: The Integrated Skill Development Scheme was started by the Indian government to bring in skilled manpower into the textiles sector and related industries such as apparel, handicrafts, handlooms, jute, sericulture and technical textiles. This would add to the already existing workforce and aid in mass production of textile products, providing a boost to the industry.

Digitisation: With the rise in the use of smart phones, laptops and tablets, there has been a tremendous growth in the e-commerce market. Customers find shopping online faster and more convenient. And along with rising incomes and changing lifestyles, digitisation is another growth driver of the Indian textile industry.

Governmental initiatives

Indian government has taken a lot of steps to promote the Indian textiles industry, starting from allowing 100%-FDI in the industry to promoting export policies. Some of the latest initiatives are as below:

- While the Union Budget 2017 had no major announcement in store for the textile sector specifically, there has been a higher allocation of funds for labor skilling and end-to-end logistics solutions, including rail and coastal shipping last-mile connectivity. This would provide a much-needed boost to the country's textile sector and help it to achieve its $350-billion target in next few years.
- India is soon to have an integrated textile city set up in Andhra Pradesh which will cater to the export market and help build a brand for Indian textiles abroad.
- The much- awaited GST bill is also expected to be a big factor in the growth of the Indian textile industry. Though natural fibers and cotton are not taxed, there are import duties on petrochemical level synthetic ones. Post the implementation of the GST Bill, an input credit will lead to lower input costs and reduce prices of the finished synthetic textile at the consumer level. Also exports will be zero-rated under GST which will help India gain a competitive advantage over its competitors such as Bangladesh and China.
- 19 new textile parks have been sanctioned over last two years with potential to facilitate investment up to Rs. 300 crore and employment to 60,000 people.
- To explore the potential areas of mutual cooperation the Clothing Manufacturers' Association of India and China Chamber of Commerce for Import and Export of Textiles have signed a memorandum of understanding which could increase apparel exports from India.
- There has been a tie up between the Department of Handlooms and Textiles with nine e-commerce players, along with 70 retailers to help bridge the gap between the market and the consumers and generate more business at better prices for the weavers.
- Besides finalisation of the revised Textile Upgradation Fund Scheme (TUFS), the Union Ministry of Textiles is planning to enter into bilateral trade agreements with Africa and Australia. The Ministry is also planning to work on a new textile policy which will help double India's exports in the next 10 years.
- The Central Government has set up the Revised Restructured Technology Upgradation Fund Scheme. This will help in the manufacturing of major technical textile machinery at a 5% interest reimbursement, 10% capital subsidy and 5% interest reimbursements for specified technical textile machinery.
- The Government of India is providing up to 40% assistance for the creation of infrastructure in integrated textile parks, with an upper limit of Rs. 40 crore (US$ 6 million). Under this scheme (Scheme for Integrated Textile Parks), technical textile units can also avail its benefits.
- To help in a faster clearance of import and export cargo, the government is providing 24X7 customs clearance facility at 13 airports and 14 ports.
- The Ministry of Textiles has approved a scheme

for promoting usage of geotechnical textiles in the North-Eastern region in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs. 427 crore (US$ 63.67 million) for five years from 2014-15.

(Source: India Business, Livemint, Financial Express)

Financial performance

A brief summary of the Company's financial performance for the year ended March 31, 2017 is outlined hereunder:

(Rs. in crore)

Net revenues	2249.62
Gross profit	273.48
Depreciation and amortisation	85.02
Profit before exceptional items and tax	188.46
Profit before tax	188.46
Profit after tax	157.94

Human resources

The Company believes that a motivated and efficient workforce can help it attain its targets. Taking cognisance of that fact, the Company provides extensive training to its employees in order to develop their skill sets and keep them motivated. The Company's employee base as on 31st March 2017 was 15,231.

Internal control system

Given the magnitude and nature of its business, the Company has maintained sound and commercial practice with an effective internal control system. The system ensures that all transactions are authorised, recorded and reported correctly to safeguard the assets of the Company and protect them from any loss due to unauthorised use or disposition. The adequate internal information systems in SAP ensure proper information flow for the decision- making process. The Company also has well-established processes and clearly defined roles and responsibilities for people at various levels. The control mechanism also involves well documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses, adherence to which is strictly ensured. Internal audit is carried out frequently to create awareness and to take corrective actions on the respective units or areas, which need rectification. These reports are then reviewed by the management team and the Audit Committee for remedial action.

Cautionary statement

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Conservation of Energy

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 (3) (m) of The Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts)Rules, 2014.

1) Energy Conservation measures taken:

Conservation of energy is an essential step towards overcoming energy crisis, environmental degradation & global competitiveness.

The Company is giving due importance to conservation of energy and makes continuous efforts to conserve energy by effecting process & machinery modifications, implementation of technological advancements, development of newer methods, energy audit, proper and timely maintenance, and waste heat recovery etc., amongst others. These measures have led to savings in terms of energy, money and time.

Besides continuing the measures taken in earlier years, following additional steps were taken during the year 2016-17 with a view to reduce cost of energy and consequently, the cost of production:

Spinning

a) Rectify the compressed Air leakage system at a capital cost of Rs. 35.26 lakhs resulting in saving of 7000 kWh/day and Rs. 171.54 lakhs per annum.

b) Replacement of 800 Nos. FTLs by LED lights at the cost of Rs. 4.40 lakhs resulting in saving of 269 kWh/ day and Rs. 6.77 lakhs per annum.

c) Installed inverters on Humidification Plant supply & return air fan in TFO shed at a cost of Rs. 23 lakhs resulting in saving of 1000 kWh/day and Rs 9 lakhs per annum.

d) Replacement of 33 Nos. existing Supply and Return fan with motors, with energy efficient fans and motors in H. Plant at a cost of Rs. 99.32 lakhs resulting in saving 2680 kWh/ day and Rs. 60.78 lakhs per annum.

e) Replacement of 95 Nos. old motors with energy efficient motors at a capital cost of Rs. 25.91 lakhs resulting in saving of 893 kWh/day and Rs. 11.29 lakhs per annum.

f) Replacement of 2 Nos old Waste Collection System of Carding and Blow Room with new energy efficient system at a cost of Rs 104 lakhs resulting in saving of 2008 kWh/day and Rs. 22 lakhs per annum.

g) Upgraded Condensate recovery system and Ash-refiring system in Boiler at a cost of Rs 36 lakhs resulting in saving of 218 M.T Pet Coke and Rs 22 lakhs per annum

h) Installed invertors 19 nos. on Ring Frame at a cost of Rs. 32.00 lakhs and resulting in saving of 1070 kWh/ day and Rs. 21.75 lakhs per annum

i) Wartsila engine Auxiliary Electrical heating system converted to steam heating system at a cost of Rs. 7.00 lakhs, resulting in saving of 700 kWh/ day and Rs.14.24 lakhs per annum

j) Inverter was installed on the Main air Radial fan and its frequency optimised to 40 HZ. Standard Suction Pa in all B/R machines achieved. Fan rpm finally changed from 1650 to 1300 rpm by interchanging pulleys and without inverter, resulting in saving of 264 kWh/day and Rs.6.65 lakhs per annum.

k) Various other measures taken in earlier years are continuing.

Home Textiles

a) Installed Water Chiller Air conditioning system in place of Humidification plant at a cost of Rs 163.19 lakhs resulting in saving of 476 kWh/day and Rs 12.24 lakhs per annum.

b) Installed 220 KW Low pressure turbine before Steam Header at a cost of Rs. 47.62 lakhs resulting in saving of 3491 kWh/day and Rs 89.84 lakhs per annum.

c) Various other measures taken in earlier years are continuing.

FORM – A

(A) Power and Fuel Consumption:

	2016-2017	2015-2016
1. Electricity:		
(a) Purchased:		
Units(in lakhs)	3855.00	3980.94
Total Cost (Rs. in lakhs)	16635.14	16283.58
Rate/Unit (Rs.)	4.32	4.09
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	18.36	13.33
Units per liter of Diesel Oil (kWh/Ltr.)	3.47	3.31
Cost/Unit (Rs.)	13.95	13.70
(ii) Through Furnace Oil Generators		
Units (in lakhs)	36.84	13.84
Units per litre of Furnace Oil	4.16	3.88
Cost/Unit (Rs.)	5.06	8.60
(iii) Through Thermal Power Plant		
Units (in lakhs)	252.05	236.87
Units per MT of Coal (including lignite)	1040.98	832.48
Cost/Unit (Rs.)	5.14	5.00
2. Coal		
(a) Steam Coal		
Quantity(Tons)	16620.49	17283.77
Total Cost (Rs. in lakhs)	839.23	859.98
Average Rate(Rs.)/ Ton	5049.39	4975.65
(b) Pet Coke		
Quantity(Tons)	13196.36	12538.24
Total Cost (Rs. in lakhs)	1317.22	1191.61
Average Rate(Rs.)/ Ton	9981.69	9504.00
3. Furnace Oil		
Quantity (Kilo Litres)	886.42	357.14
Total Cost (Rs. in lakhs)	186.43	119.07
Average Rate (Rs. Per Kilo Litre)	21031.79	33339.87

(B) Consumption per unit of production:

	2016-2017	2015-2016
Production :		
Electricity Per Ton of Yarn Production (Units) @	4347	4295
Coal per Ton of Yarn Production (Tons) #	0.162	0.261
Pet Coke per Ton of Yarn Production (Tons) #	0.191	0.177
Electricity per thousand meters of Processed fabrics(units)&	445	313
Electricity per thousand meters of Home Furnishings (units)$	847	835
Coal per thousand meters of processed fabrics (Tons)	0.65	0.51

@ depends on count, ply, dyed or grey etc.
# depends on quantum of dying
& depends on weight/meter of fabrics
$ depends on picks/meter

2. Energy Conservation plan for 2017-18

A. Spinning

Following measures are contemplated to save energy consumption during the year 2017-18:

a) To replace 493 nos. FTL with LED lights at a cost of Rs. 30.62 lakhs, which is expected to result in saving of 792 kWh/day and Rs. 13.95 lakhs per annum.

b) To arrest the compressed Air leakage at a cost of Rs. 41.00 lakhs, which is expected to result in saving of 1700 kWh/day and Rs. 40.16 lakhs per annum.

c) To install inverters on 40 Nos Ring Frames at a cost of Rs. 43 lakhs which is expected to result in saving of 1531 kWh/day and Rs 27.90 lakhs per annum.

d) To install 34 Nos inverters in H Plant at a cost of Rs 27.67 lakhs which is expected to result in saving of 744 kWh/day and Rs 10.76 lakhs per annum.

e) To install 2 Nos. inverters on Feed water pump of Fibre Dying at a cost of Rs 5 lakhs which is expected to result in saving of 576 kWh/day and Rs 7 lakhs per annum

f) To install pneumafil fan motor on Ring Frame with suction pressure feedback system on 19 machines at a cost of Rs. 13.30 lakhs and which is expected to result in saving of 700 kWh/day and Rs.14.24 lakhs per annum.

g) To replace 49 Nos old 15 kW And 8 Nos old 11 kW low efficiency motors with energy efficient motors at a cost of Rs 22.05 lakhs which is expected to result in saving of 700 kWh/day and Rs. 14.25 lakhs per annum.

h) To install solar water heater system on 02 nos. YCP at a cost of Rs. 12.00 lakhs which is expected to result in saving of 228 kWh/day and Rs 4.65 lakhs per annum.

B. Home Textiles

1) To replace 10 old motors by energy efficient motors at a cost of Rs 15 lakhs which is expected to result in saving of 68 kWh/day and Rs 1.77 lakhs per annum.

2) To replace 5 Nos Street light with Solar Light at cost of Rs 2 lakhs which is expected to result in saving of 15 kWh/day and Rs 0.38 lakhs per annum.

3) To install heat exchanger on Yarn dyeing and Jet dyeing section to increase boiler feed water temperature by 5 degree centigrade at cost of Rs 15.00 lakhs which is expected to result in saving of 200 MT Coal and Rs. 12.00 lakhs per annum.

3. Impact of measures at (A) & (B) for reduction of energy consumption and consequent impact as the cost of production of goods:

The estimated savings are mentioned against each item (A)& (B).

FORM – B

Disclosure of particulars with respect to technology absorption (to the extent possible)

1. Technology Absorption

1) Research and Development (R&D)

Spinning

a) **Specific area in which R&D carried out by the Company**

The Division has well equipped, most modern & state of the art Quality Testing & Development equipments, managed by committed team of highly qualified and experienced professionals. We have latest technological equipments like Uster - 5 Evenness Tester, HVI Spectrum, Tenso Jet-4, Advance Fibre Information System, i.e. AFISPRO-LMNT, Classimat-5 Yarn Fault Classifying System, Online monitoring system, Lab expert system all from Uster, Auto dispenser, Beaker Dyeing machines, etc. All required tests on Fibre, Yarn and Process material are being carried out. New varieties of yarn are being developed on regular basis having different blends, shades, twists etc. The Division is having ISO 9001-2008 Certification and is also applying for ISO 9001-2015 as well as Usterised, Oeko-Tex and GOTS/EKO & Organic Exchange Certificates.

b) **Benefits derived as a result of above R&D**

These measures have helped in production of value added new products. Besides various studies and experiments were undertaken to save energy, improve productivity and quality, control costs etc.

c) **Future plan for action**

Company intends to install two circular knitting machines, one loom for sample making, and two

miniature spinning machine for developing small samples of yarn.

Home Textiles

a) **Specific area in which R&D carried out by the Company**

The Company has a well-equipped & state of the art design and development center with required hardware and designing software facilities for development of new designs for home textile products and furnishing fabrics.

New furnishing fabrics designs are being developed on a regular basis with different basic material, colours, weave, textures, design pattern, shades, etc. as per the latest trends and requirements of the customers.

Quality control, Testing & Development equipment are managed by committed team of highly qualified & experienced professionals. All required tests on fabrics, yarn and process material are being carried out with sophisticated quality testing equipment.

During the year many new varieties were developed and produced. The center is manned by professional designers and most sophisticated imported design software is being used.

b) **Benefits derived as a result of above R&D**

These measures have helped in production of value added new products, new designs, consistent shades, reduction of reprocess & cost. Besides various studies and experiments were undertaken to save energy, improve productivity and quality, control costs etc.

c) **Future plan for action**

The Company will continue to upgrade existing facilities by addition of new hardware and software and will strengthen soft skills.

2) Expenditure incurred towards R&D

(Rs. In crores)

		2016-17
a)	Capital	13.69
b)	Recurring	3.04
c)	Total	16.74
d)	Total R&D Expenditure as a percentage of Total Turnover	0.753%

2. Technology Absorption, Adaptation and Innovation

Spinning

The Company is having latest state of the art Plant and machinery and has the policy of continuous modernization & upgradation of machines. For technology absorption, adoption and Innovation, the following capital expenditure has been incurred:

a) Incurred Rs 20.14 crores on replacement of old technology, plant machinery & equipments.

b) Incurred Rs. 24.45 crores on addition & modifications of existing plant and machinery.

c) Incurred Rs. 3.02 crores on purchase of machines and equipment for debottlenecking.

d) Incurred Rs. 146.81 crores on addition of state of the art plant and machinery and equipment for expansion of Bhawanimandi Unit of the Company by 35280 spindles.

Home Textiles

The Company is having latest state of the art Plant and machinery and plan for continuous modernization & upgradation of machines. For Technology absorption, adoption and Innovation the following capital expenditure have been incurred:

a) Incurred Rs 46.31 crores on addition of latest technology machines and equipments for expansion of Home Textiles Division.

b) Incurred Rs 1.63 crores on replacement of old technology, plant machinery & equipments.

c) Incurred Rs 0.33 crores on purchase of machines and equipments for debottlenecking.

d) Installed new model of 10 no. of Long Tube type Jet dyeing machine at a cost of Rs 2.97 crores having liquor ratio of 1:5 as against conventional 1:10 and with energy efficient motor.

3. Foreign Exchange Earnings & Outgo

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

   The Company has taken effective steps for exports. During the year, the Company achieved satisfactory export performance. The Company is conscious of the challenges in export market and will continue to take steps towards developing exports and will concentrate on products having higher per unit realization.

2. Total foreign exchange earned and used

(Rs. In crores)

		2016-17
i)	Foreign Exchange Earned	565.41
ii)	Foreign Exchange Used	77.79

Annexure-III to the Directors' Report

Report on Corporate Governance

A. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is a systematic process driven by ethical conduct of the business and affairs of an organization aimed at promoting sustainable business and enhancing shareholder value in the long term. Corporate governance therefore, in essence, is a referral paradigm, comprising a mechanism to benchmark company's business and affairs to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a company meets its obligations with the objective to optimize shareholder value and fulfill its responsibilities to the stakeholder community, comprising of customers, employees, shareholders, Government and other societal segments.

Sutlej's Governance philosophy is based on trusteeship, and for promoting and maintaining integrity, transparency and accountability, across all business practices. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of all stakeholders, such as shareholders, customers, suppliers, financiers, government and the community. This philosophy is built upon a rich legacy of fair, transparent and effective governance, and led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholder value, including the society at large. We at Sutlej believe that this is an ongoing journey for sustainable value creation for all stakeholders and we continuously endeavor to improve upon our practices in line with the changing demands of the business. Sutlej adopts innovative approaches for leveraging all its resources; and encourages a spirit of conversion of opportunities into achievements. The Sutlej Code of Business Conduct & Ethics and Company's Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances. Company's governance structures and systems are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and strategic thought process and are the foundation which nurtures ramping up of healthy and sustainable growth through empowerment and motivation.

Keeping in view the Company's size, reach and complexity of operations, and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domain;
- Timely and adequate flow of information to the members of the Board and its Committees for meaningful and focused discussion at the meetings and enable them discharge their fiduciary duties;
- Strategic supervision, monitoring and guidance by the Board of Directors which is made up of appropriate size, experience, and commitment to discharge their responsibilities;
- Independent verification of company's financial reporting from time to time and on quarterly basis;
- Timely and balanced disclosure of all material information; and disclosure of all deviations, if any, to all stakeholders and Equitable and fair treatment to all the stakeholders (including employees, customers, vendors, shareholders and investors).

- Sound Systems and processes for internal control and Risk Management framework to mitigate perceived risk factors;
- Compliance with applicable laws, rules, regulations and guidelines with transparency and defined accountability;
- Proper business conduct by the Board members, Senior Management and Employees.
- Equitable treatment of all shareholders

In line with this philosophy, the Company and its Board of Directors continuously strive for excellence through adoption of best governance and disclosure practices. Board of Directors continuously strives to play an active role in fulfilling its fiduciary obligation to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value and societal expectations, with ethical and responsible business conduct. The Governance framework ensures its effectiveness through an efficient system of timely disclosures and transparent business practices.

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'], the details of which for the Financial Year ended March 31, 2017 is as set out hereunder:

B. BOARD OF DIRECTORS

The Board of Directors which is a body formed to serve and protect the overall interest of all the stakeholders, provides and evaluates the strategic direction of the Company; formulates and reviews management policies and ensures their effectiveness. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Chief Executive Officer of the Company (designated as 'President'), manages the business of the Company under the overall superintendence, guidance and control of the Executive Chairman and the Board, with the help of a competent team and able assistance from the Wholetime Director (also designated as the CFO) and the Secretary of the Company (also designated as the Compliance Officer).

COMPOSITION OF THE BOARD

The Company has a balanced and diverse Board which includes independent professionals and conforms with the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company's Board represents an optimum combination of experience and expertise in diverse areas such as banking, finance, law, general management and administration and entrepreneurship and comprises Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. The Company's Board of Directors presently comprises of Nine Directors; seven of whom are Non-Executive Directors [including 1 (one) Woman Director] and two Executive directors viz., Executive Chairman and Wholetime Director. Out of the 7 (seven) non-executive Directors, 6 are Independent Directors. The non-executive directors account for more than 75 per cent of the Board's strength as against the minimum requirement of 50 percent as per the Listing Regulations, 2015. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the board thereby ensuring best interest of stakeholders and the Company. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company. None of the Directors are inter-se related to each other. Except the Wholetime Director and Independent Directors, all directors are liable to retire by rotation.

None of the Directors on the Company's Board is a Member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees (being, Audit Committee and Stakeholders' Relationship Committee) across all the companies, in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31st March, 2017. The composition of the Board is in conformity with the Regulation 17 of Listing Regulations, 2015.

DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS/ SHARES HELD

The composition of the Board of Directors, No. of shares held in the Company, and number of other Directorships/ Board level committee positions held by them in other Indian public companies as on 31.03.2017 is as follows:

Name of Director	Category of Director	No of shares held in Sutlej	Number of Other Director-ships in Public Companies [other than Sutlej]	Number of other Companies' Board Committee(s) [other than Sutlej]	
				Chairperson	Member
Mr. C. S. Nopany (DIN: 00014587)	ED/PG	11,000	9	2	0
Mr. U. K. Khaitan (DIN: 01180359)	I/NED	Nil	7	0	2
Mr. Amit Dalal (DIN: 00297603)	I/NED	-do-	5	0	1
Mr. Rajan Dalal (DIN: 00546264)	I/NED	-do-	2	0	2
Mr. Rajiv K.Podar (DIN: 00086172)	I/NED	-do-	2	0	0
Mr M.H. Rahman (DIN: 05222272)	I/NED	-do-	0	0	0
Smt. Sonu Bhasin (DIN: 02872234)	I / NED	-do-	4	0	0
Mr. Sukhvir Singh$ (DIN: 06645482)	NED	-do-	0	0	0
Mr. Dilip Ghorawat* (DIN: 06798495)	ED	N.A.	0	0	0
Mr. Bipeen Valame** (DIN: 07702511)	ED	Nil	0	0	0

ED – Executive Director, PG – Promoter Group, I – Independent , NED – Non Executive Director.

Notes:

1. The Directorships held by the Directors, as mentioned above excludes alternate directorships, directorships in foreign companies, Companies under Section 8 of the Companies Act, 2013 and Private Limited Companies, which are not the subsidiaries of Public Limited Companies.
2. Represents Membership/ Chairmanship of two Committees viz. Audit Committee and Stakeholders' Relationship Committee as per Regulation 26 of Listing Regulations, 2015.
3. As on 31st March, 2017, none of the Directors of the Company were related to each other.
4. $ Mr. Sukhvir Singh was appointed as Additional Director (Non - Executive Non - Independent) w.e.f 10th September, 2016.
5. * Mr. Dilip Ghorawat resigned from the Board w.e.f. 10th September, 2016.
6. ** Mr. Bipeen Valame was appointed as Additional Director/ Whole Time Director on the Board w.e.f. 09th February, 2017.

The number of Directorships, Committee Memberships / Chairmanships of all Directors is within respective limits prescribed under the Companies Act, 2013 and the Listing Regulations, 2015. Every Director currently on the Board of the Company has personally attended at least one Board of Directors' Meeting in the financial year 2016-17. Except Mr. C.S.Nopany, none of the Directors of the Company hold any shares of the Company.

BOARD MEMBERSHIP CRITERIA

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Board members are expected to possess the required qualification, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors/ areas relevant to the Company, and ability to contribute to Company's growth. The Board periodically evaluates the need for change in its size and composition to ensure that it remains aligned with statutory and business requirements.

BOARD INDEPENDENCE

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Listing Regulations, 2015 and Section 149(6) of the Companies Act 2013. The Board comprises more than the required number of

Independent Directors. Due to promulgation of Section 149 of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, 2015, which came into force from 1st December, 2015, Independent Directors are to be appointed for a fixed term of not exceeding five years and they shall not be liable to retire by rotation. Therefore, the Company has appointed / re-appointed all the existing Independent Directors for a fixed term of five consecutive years in order to comply with the aforesaid provisions. The Company has issued the formal letters of appointment to all the Independent Directors as prescribed under the provisions of the Companies Act, 2013 and the terms and conditions of their appointment have been uploaded on the website of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as specified under Section 149 (6) of the Companies Act, 2013 and that they are qualified to act as Independent Directors. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors are Independent except Mr. Sukhvir Singh.

As required under the Act, the Independent Directors held their separate meeting to assess the functioning of the Board and to evaluate the performance of the Executive Chairman and the Executive Directors.

FAMILIARISATION OF BOARD MEMBERS

The provision of an appropriate induction program for the Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. All new non-executive directors inducted to the Board are introduced to our Company culture through appropriate orientation sessions. Presentations are made by various executive directors and senior management to provide an overview of the Company's operations and to familiarize the new non-executive directors with our operations. They are also introduced to our organization structure, our products, board procedures, matters reserved for Board, and our major risk and risk management strategy. The Independent Directors, from time to time, request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of the Board of Directors or otherwise.

The induction process is designed to:

a. build an understanding of Sutlej, its businesses and the markets and regulatory environment in which it operates;

b. provide an appreciation of the role and responsibilities of the Director;

c. fully equip Directors to perform their role on the Board effectively; and

d. develop understanding of the Company's people and its key stakeholder relationships.

The policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/assets/pdf/policy/Familiarisation%20Programe-%20Final_20.2.2016.pdf

BOARD MEETINGS AND PROCEDURE

The Board meets at least once in every quarter inter alia, to review the quarterly financial results, operations and other items on the agenda and minimum 4 (four) pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by way of circulation, as permitted by law, which is confirmed in the subsequent board meeting. The Meetings are held as per the requirements of business; and maximum interval between any two Board Meetings is within the permissible limits.

During the year under review, six Board meetings were held on 11th May, 2016; 29th July, 2016; 05thAugust, 2016; 07th September, 2016; 08th November,2016; and 09th February, 2017. The necessary quorum was present in all the Board Meetings. Leave of absence was granted to the concerned director who requested leave of absence due to inability to attend the respective Board meeting.

The details of the attendance of Directors at the Board meetings and at the last Annual General Meeting are as under:

Name of Director	Category of Director	Number of Board Meetings held and attended during the year		Attendance at last AGM
		Held during the tenure	Attended	
Mr. C. S. Nopany	ED/PG	6	4	No
Mr. U. K. Khaitan	I/NED	6	5	No
Mr. Amit Dalal	I/NED	6	6	Yes
Mr. Rajan Dalal	I/NED	6	4	Yes
Mr. Rajiv K.Podar	I/NED	6	5	No
Mr M.H. Rahman	I/NED	6	6	Yes
Smt. Sonu Bhasin	I / NED	6	5	No
Mr. Sukhvir Singh	NED	2	1	N.A.
Mr. Dilip Ghorawat*	ED	4	3	Yes
Mr. Bipeen Valame**	ED	1	1	N.A.

** Mr. Dilip Ghorawat resigned from the Board w.e.f. 10th September, 2016.*

*** Mr. Bipeen Valame was appointed as Additional Director/ Whole Time Director on the Board w.e.f. 09th February, 2017.*

BOARD SUPPORT

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises/ assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the Meetings.

INFORMATION TO THE BOARD

The internal guidelines for Board / Board Committee meetings facilitate the decision making process at the meetings of the Board/Committees in an informed and efficient manner. Board Meetings are governed by structured agenda. The Company Secretary in consultation with the Chairman, and Senior Management prepares the detailed agenda for the meetings. All major agenda items are backed by comprehensive background information, notes and supporting papers containing all the vital information, to enable the Board to have focused discussion at the meeting and take informed decisions.

Agenda papers and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is circulated along with Agenda papers for facilitating meaningful and focused discussions at the meeting. In case of sensitive agenda matters, or where it is not practicable to attach or circulate relevant information or document as part of the Agenda papers, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are taken up for discussion with the permission of the Chairman. In case any Directors are unable to attend the meeting physically, Video conferencing / teleconferencing facilities are also made available to enable their participation. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

A detailed agenda is sent to each director in advance of the Board Meetings, covering inter alia, the required information as enumerated in Part A of Schedule II to Regulation 17(7) of the Listing Regulations, 2015. As a policy, all major decisions involving business plan, allocation and deployment of funds, investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are placed before the Board for its consideration and directions.

Inter alia, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers:

- Annual operating plans and revenue budgets
- Capital budget expenditures
- Quarterly, half yearly and annual results of the Company
- Minutes of the Audit and other Committees of the Board

- Information relating to recruitment and remuneration of senior level officers just below the Board level.
- Materially important legal or taxation issues
- Status of financial obligations to and by the Company
- Any significant development in human resources or industrial relations
- Details of risk exposure and steps taken by management to limit or restrain the risk
- Compliance status with any regulatory, statutory or Listing Regulations related requirements or in relation to any shareholder services
- Action taken report in respect of the decisions arising out of the previous meeting

The Board is also given presentation covering industry environment, project implementation, project financing and operations of the Company. Senior executives are invited to provide additional inputs at the Board meeting, as and when necessary. The members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman.

The draft minutes of each Board/Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. After incorporating comments, if any, received from Directors, the Company Secretary records the minutes of each Board/Committee meeting within 30 days from conclusion of the meeting. The important decisions taken at the Board / Committee meetings are communicated to concerned departments promptly. Action taken report on the decisions taken at the meeting(s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee.

Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any.

SEPARATE INDEPENDENT DIRECTORS' MEETING

The Independent Directors met at least once in a year i.e. on 17th March, 2017 without the presence of Executive Directors or Management representatives and inter alia discussed:

- the performance of non-Independent Directors and the Board as a whole.
- the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-Executive Director
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to this meeting, interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

BOARD EVALUATION/ PERFORMANCE EVALUATION

In terms of the requirements of the Act and Listing Regulations, 2015 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance.

CODE OF CONDUCT AND ETHICS

The Company laid down a Code of Conduct for the entire Board of Directors and senior management to avoid a conflict of interest. The code is derived from three inter linked fundamental principles, namely: good corporate governance, good corporate citizenship and exemplary personal conduct.The Directors and senior management have affirmed compliance with Code of Conduct for the year 2016-2017. A declaration to this effect signed by the President and the CEO is attached and forms part of this report. The Code of Conduct is available on the Company's website www.sutlejtextiles.com .

There was no material, financial and commercial transactions in which the senior management had a personal interest, leading to a potential conflict of interest during the year under review.

C. COMMITTEES OF THE BOARD

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013, the Board of Directors constituted seven Committees of the Directors:

- Audit Committee
- Stakeholders' Relationship Committee

- Nomination and Remuneration Committee
- Finance & Corporate Affairs Committee.
- Corporate Social Responsibility Committee.
- Strategy Committee
- Risk Management Committee

The details of these committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of four Non-executive Directors and is headed by Mr. Rajan A. Dalal, an Independent Non-executive Director. Mr. Rajan A. Dalal, is B.Sc., SME Management from IIM-Ahmedabad, having experience in marketing of textiles and other field like investment bankers ,creating dealer network in domestic and international markets, wealth management, investment in equity and debt market, capital raising, mergers and acquisitions etc. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K.Podar, and Mr. M.H.Rahman.

TERMS OF REFERENCE

The terms of reference of Audit Committee are in conformity with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The terms of reference are as follows:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and, if required, their replacement or removal.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of subsection 5 of section 134 of the Companies Act, 2013.
    b. Changes, if any, in accounting policies and practices, and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Modified opinions in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the Statement of uses/application of funds raised through an issue (Public issue, rights issue, preferential issue etc.), the statement of funds utilised for purpose other than those stated in the offer document/prospectus/ notice and the Report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. Monitoring the end use of funds raised through public offers and related matters.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of dividends) and creditors.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc of the candidate.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors regarding any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board and Management Letters/Letters of internal control weaknesses issued by the statutory auditors.
- Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern including review of management discussion and analysis of financial condition and results of operations.
- Approval or any subsequent modification of transactions of the Company with related parties including review of statement of significant related party transactions submitted by the management.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Establish a vigil mechanism for the directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimisation and to review the functioning of the whistle blower mechanism.
- To oversee Risk Management functions.
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
- Quarterly Statement of deviation(s) including report of monitory agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Carrying out functions as delegated by the Board of Directors from time to time.

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met Seven times 11th May, 2016; 04th August, 2016; 07th September, 2016; 07th November, 2016; 10th November, 2016; 08th February, 2017 and 31st March, 2017.

The attendance of the members of the committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Rajan A. Dalal	Chairman	Non-executive Independent	5
Mr. Amit Dalal	Member	Non-executive Independent	7
Mr. Rajiv K.Podar	Member	Non-executive Independent	4
Dr. M. H. Rahman	Member	Non-executive Independent	6

The constitution of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013. The Committee reviews various aspects of the internal audit control system and financial and risk management policies. The requirements in respect of Regulation 18 of the Listing Regulations, 2015 are also reviewed by the Committee. The management makes a presentation before the Audit Committee on the observations and recommendations of the Statutory and Internal Auditors to strengthen controls and compliance. The internal auditors and statutory auditors are permanent invitees of the meeting. The Company Secretary is the ex-officio Secretary of the Committee.

II. STAKEHOLDER'S RELATIONSHIP COMMITTEE

COMPOSITION

The Stakeholders' Relationship Committee constituted as a mandatory committee of the Board, presently comprises of two Non-Executive Directors and one Executive Director of the Company. The Committee is headed by Mr. Amit Dalal. The other members of the Committee are: Mr. Rajiv K. Podar and Mr. Bipeen Valame.

TERMS OF REFERENCE

The Committee oversees the redressal of shareholder and investor complaints/ requests for transfer/transmission of shares, subdivision and consolidation of share certificates, the issue of duplicate share certificates, requests for demat & remat of shares, non-receipt of the declared dividend and non-receipt of the Annual Report. It also recommends measures for improvement in investor services. The Committee also keeps a close watch on the performance of M/s. Link Intime (India) Pvt. Ltd., the Registrar & Share Transfer Agents of the

Company. The Company Secretary designated as the Compliance Officer of the Company, acts as the Secretary of the Committee. The Committee meets as often as is necessary for resolution of important matters within its mandate. There were no investor complaints pending at the end of the financial year.

MEETINGS AND ATTENDANCE

During the year under review the Committee met Eight times as on 18th April, 2016; 20th June, 2016; 12th July, 2016; 28th September, 2016; 13th October, 2016; 01st December, 2016; 17th January, 2017 and 17th March, 2017. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Amit Dalal	Chairman	Non-executive/ Independent	8
Mr. Rajiv K.Podar	Member	Non-executive/ Independent	8
Mr. Dilip Kumar Ghorawat*	Member	Executive / WTD	1
Mr. Bipeen Valame**	Member	Executive / WTD	1

** Mr. Dilip Ghorawat resigned from the Board w.e.f. 10th September, 2016.*

*** Mr. Bipeen Valame was appointed as Additional Director/ Whole Time Director on the Board w.e.f. 09th February, 2017.*

Minutes of the meeting of the Stakeholders' Relationship Committee are approved by the Chairman of the Committee and are noted by the Board at its next meeting.

INVESTORS' COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review the Company received 45 complaints/letters from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters/complaints. There was no unresolved complaint as on 31st March, 2017.

III. NOMINATION & REMUNERATION COMMITTEE

COMPOSITION

The Nomination & Remuneration Committee of the Company was constituted under the Corporate Governance Code as a mandatory requirement. The Committee comprises of three Non-executive Directors, namely, Mr. U.K.Khaitan, Mr. Rajan Dalal and Mr. Rajiv Podar. The Committee is headed by Mr. U.K.Khaitan.

TERMS OF REFERENCE

The terms of reference of Nomination and Remuneration Committee are in conformity with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 2015. The terms of reference are as follows.

(1) determine the compensation package of the President, Executive Presidents, Executive Directors, Secretary and other senior management personnel.

(2) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(3) formulate the criteria for evaluation of performance of independent directors and the board of directors

(4) devise a policy on diversity of board of directors;

(5) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(6) whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors.

MEETINGS AND ATTENDANCE

During the year under review, there were five Meetings of the Committee as on 11th May, 2016; 05th August, 2016; 07th September, 2016; 07th November, 2016 and 08th February, 2017. The attendance of the members at the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U.K.Khaitan	Chairman	Non-executive Independent	4
Mr. Rajan A. Dalal	Member	Non-executive Independent	3

Mr. Rajiv Podar	Member	Non-executive Independent	4

IV. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee (FCAC) presently comprises of two Executive Directors and three Non-executive Directors and is headed by Mr. C.S.Nopany, Executive Chairman of the Board. Other members of the Committee are Mr. U.K.Khaitan, Mr. Rajiv K. Podar, Mrs. Sonu Bhasin and Mr. Bipeen Valame, Whole time Director.

TERMS OF REFERENCE

The Committee decides upon matters relating to Inter corporate loans/deposits, investments, opening and closing of bank accounts and to take appropriate timely action and decide upon various matters related thereto, in terms of the powers delegated to it by the Board.

MEETINGS AND ATTENDANCE

The Committee met three times on 07th September, 2016; 09th February, 2017 and 31st March, 2017 during the year under review. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. C. S. Nopany	Chairman	Executive/ PG	1
Mr. U.K.Khaitan	Member	Non-executive / Independent	2
Mr. Rajiv K.Podar	Member	Non-executive / Independent	2
Mrs. Sonu Bhasin	Member	Non-executive / Independent	2
Mr. Dilip Ghorawat*	Member	Executive / WTD	0
Mr. Bipeen Valame**	Member	Executive / WTD	2

** Mr. Dilip Ghorawat resigned from the Board w.e.f. 10th September, 2016.*

*** Mr. Bipeen Valame was appointed as Additional Director/ Whole Time Director on the Board w.e.f. 09th February, 2017.*

The FCAC is also entrusted with the work of overseeing the operations of the Treasury Division of the Company. Minutes of the meeting of the Finance & Corporate Affairs Committee are approved by the Chairman of the Committee and placed before the next meeting of the Board for noting and approval.

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

COMPOSITION

The Corporate Social Responsibility Committee (CSR) presently comprises of four Non-Executive Directors and is headed by Mr. U.K.Khaitan, Non-Executive Independent. Other members of the Committee are Mr. M.H.Rahman, Mr. Amit Dalal and Mrs. Sonu Bhasin .

TERMS OF REFERENCE

The terms of reference of the CSR Committee includes the following (but shall not be limited to) :

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred as above and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

MEETINGS AND ATTENDANCE

During the year under review, the CSR Committee met three times during the year i.e. on 11th May, 2016; 29th July, 2016 and 16th January, 2017.

The attendance of the members of the committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U.K.Khaitan	Chairman	Non-Executive Independent	3
Mr. Amit Dalal	Member	Non-executive Independent	2
Dr. M. H. Rahman	Member	Non-executive Independent	3
Mrs. Sonu Bhasin	Member	Non-executive Independent	3

A report on CSR activities as prescribed under the Companies Act, 2013 and Rules made thereunder is annexed to the Board Report.

VI. STRATEGY COMMITTEE

COMPOSITION

A Strategy Committee was formed and constituted by the Board of Directors on 06th February, 2015, consisting of Mr. Rajan Dalal as Chairman, Mr. Rajiv Podar and Dr. Mahmoodur Rahman as members of the Committee.

TERMS OF REFERENCE

The terms of reference of the Strategy Committee includes (but shall not be limited to) exploring possibilities of business expansion through organic as well as inorganic means.

MEETINGS AND ATTENDANCE

During the year under review, no meeting was held of the Committee.

VII. RISK MANAGEMENT COMMITTEE

A Risk Management Committee was formed and constituted by the Board of Directors on 18th May, 2017, consisting of Mr. Rajiv Podar, Director as Chairman, and Mr. S.K.Khandelia, President & CEO and Mr. Bipeen Valame, Wholetime Director & CFO as members of the Committee.

Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the constitution of a Risk Management Committee, is however, not applicable to your Company as this Regulation is applicable only to top 100 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year. The Committee has been formed voluntarily as a part of better Corporate Governance practice.

TERMS OF REFERENCE

It includes monitoring, reviewing and managing the risks to which the Company is exposed, preparation of company-wide framework for risk management, fixing roles and responsibilities, communicating the risk management objective, allocating resources, drawing action plan, determining criteria for defining major and minor risks, deciding strategies for escalated major risk areas, updating company-wide Risk register and preparing MIS report.

D. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Whole time Director & Executive Director receives salary, allowances and perquisites, while all the Non-Executive Directors receive sitting fees and allowances if applicable, and annual commission within the prescribed limits as set out in the Companies Act, 2013.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Directors during the year.

i) Remuneration paid to Non-Executive Directors of the Company

The Non-Executive Directors are paid sitting fees for attending each Meeting of the Board of Directors and Committees thereof. The Company, w.e.f 01.04.2016, has revised the Commission payable to each non-executive directors' annual commission upto 1% of the net profits for all directors put together, with a ceiling of Rs.4,00,000/-* to each director.

The total commission payable to all the non-executive directors for the financial year 2016-17 will be Rs.26,22,466/- for which provision has been made in the books of accounts. The commission shall be paid after the adoption of annual accounts of the Company for the year ended 31st March, 2017 by the shareholders at the forthcoming AGM. Commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance in the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for committee meetings) paid to the directors during the year 2016-2017 is as follows:

Sl. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. U. K. Khaitan	400000	475000
2.	Mr.Amit Dalal	400000	725000
3	Mr Rajan A. Dalal	400000	400000
4.	Mr. Rajiv K.Podar	400000	700000
5.	Mr Mahmoodur Rahman	400000	525000
6.	Mrs. Sonu Bhasin	400000	375000
7.	Mr. Sukhvir Singh**	222466	50000
	Total	**26,22,466**	**32,50,000**

The commission to be paid to Non - Executive Directors has been increased to Rs. 4.00 lakhs w.e.f. 2016-17 as per the Board resolution dated 11.05.2016.

***Appointed w.e.f. 10th September, 2016*

ii) Remuneration paid/payable to the Executive Directors (Executive Chairman and Whole time Director) of the Company for the year ended 31st March, 2017, is as under:-

(Amount Rs. in lakhs)

Executive Chairman and Whole time Director	Salary etc.	Perquisites	Retirement Benefits	Sitting Fees	Total
Mr. C.S.Nopany	994.00	-	-	2.25	996.25
Mr. Dilip Kumar Ghorawat*	45.03	5.23	-	-	50.26
Mr. Bipeen Valame**	24.85	5.87	-	-	30.72

** Resigned from the Board w.e.f. 10th September, 2016.*

*** Mr. Bipeen Valame was appointed as Additional Director/ Whole Time Director on the Board w.e.f. 09th February, 2017*

E. COMPANY POLICIES

I. WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. The Company Secretary is the designated officer / Chief Ethics Counsellor for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Whistle Blower Policy of the Company are subject to the review by the Audit Committee. The Whistle Blower Policy is available on the website of the Company http://sutlejtextiles.com/assets/pdf/policy/whistle-blower-policy-adopted-13-05-14.pdf

II. REMUNERATION POLICY

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management personnel and their remuneration. The Policy contains, inter-alia, directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, etc. The policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/assets/pdf/policy/remuneration-policy.pdf

III. POLICY ON RELATED PARTY TRANSACTIONS

In line with requirement of the Companies Act, 2013 and Listing Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website at http://sutlejtextiles.com/assets/pdf/policy/policy-on-related-party-transactions.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length.

IV. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Board at its meeting held on 13th May, 2014 upon recommendation of Corporate Social Responsibility Committee has approved and adopted a CSR Policy for the Company. The policy is formulated as envisaged under Section 135 of the Companies Act, 2013 and the Rules framed thereunder and it is available at Company's website at http://sutlejtextiles.com/assets/pdf/policy/csr-policy-2014-adopted-13-05-2014.pdf. The CSR Policy outlines the Company's philosophy and responsibility as

a corporate citizen of India and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community in and around its area of operations and other parts of the country.

F. MANAGEMENT

Management Discussion and Analysis is given in a separate section and forms a part of the Directors' Report in this Annual Report.

G. Disclosures

(a) Materially significant Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are repetitive in nature. The actual transactions entered into pursuant to the omnibus approval so granted are placed at quarterly meetings of the Audit Committee.

Details of materially significant related party transactions that is the transactions of a material nature between the Company and the Promoters, Management, Directors or their relatives etc. are disclosed in the Note No. 44 of the Annual Financial Statements in accordance with compliance with the Indian Accounting Standard relating to "Related Party Disclosures". Details of all such transactions are provided to the Board at the Board Meetings, and the interested Directors neither participate in the discussion, nor vote on such matters.

There is no materially significant Related Party Transaction that may potentially conflict with the interests of the Company at large.

(b) Accounting treatment in preparation of financial statements

The financial statements have been prepared to comply in all material respects with the applicable Accounting Standard notified under section 133 and the relevant provisions of the Companies Act, 2013 and generally accepted accounting principles in India

(c) Proceeds from public issues, rights issues, preferential issues etc.

During the year under review, no proceeds were raised by the Company from public issues, rights issue, preferential issue etc.

(d) Insider Trading

In order to regulate trading in securities of the Company by the Directors and designated employees, your Company has adopted a code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended by SEBI (Prohibition of Insider Trading) Regulations, 2015 which, inter alia, prohibited the trading in shares by an 'insider' when in possession of unpublished price sensitive information. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Directors, Designated Employees and Connected Persons of your Company.

(e) Compliance with the Mandatory Corporate Governance Requirements as prescribed under the Listing Regulations

The Board of Directors periodically review the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Company has obtained a certificate affirming the compliances from M/s. Singhi & Co., Chartered Accountants, the Company's Statutory Auditors and the same is appended as an Annexure to this Report.

(f) Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate Governance, as stipulated in Regulation 34(3) read with Part E of Schedule V of the Listing Regulations, 2015, which together with this Report on Corporate Governance is annexed to the Director's Report and shall be sent to all the shareholders of the Company and the Stock Exchanges along with the Annual Report of the Company.

(g) Compliance with Discretionary Requirements:

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements as prescribed in Regulation 27 of the Listing Regulations:

a. Position of the Chairman and the Chief Executive Officer are held by separate individuals.

b. The statutory financial statements of your Company are unqualified.

c. The quarterly results along with the press release, as approved by the Board are first submitted to the Stock Exchanges. The same are then uploaded on the website of the Company www.sutlejtextiles.com. After the announcement of the quarterly results, an earnings call is organised, where the management responds to the queries of the investors/analysts.

d. Reporting of Internal Auditor directly to the Audit Committee.

(h) Risk Management

As required under Regulation 17 of Listing Regulations, 2015, the Company has established a well documented and robust risk management framework. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are classified as strategic risks, business risks or reporting risks. Strategic risks are those which are associated with the longer term interests of the Company. Reporting risks are associated with incorrect or un-timely financial and non-financial reporting.

The Audit Committee and the Board of Directors review the Risk Management Strategy of the Company to ensure effectiveness of the Risk management policy and procedures. Board of Directors of the Company is regularly apprised on the key risk assessment areas and a mitigation mechanism is recommended.

During the year, the Board has reviewed the risk assessment and a risk minimization procedure commensurate to the risks has been adopted; and is in place.

(i) Corporate Ethics

As a responsible corporate citizen, the Company consciously follows corporate ethics in business and corporate interactions. Company has framed codes and policies providing guidance for carrying business in ethical manner. Some of these policies are:

a) Code for prevention of Insider Trading;

b) Code of Conduct;

c) Whistle Blower policy. The Company has established and implemented a Whistle Blower policy under which none of the Company's personnel has been denied access to the Audit Committee.

d) Code for Corporate disclosure;

e) Safety, health and environment policy in each of the Units;

In conformity with the recent statutory changes, the codes have been revised accordingly.

(j) Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

As per the requirement of Regulation 17(8) of Listing Regulations, 2015, a certificate duly signed by CEO and CFO of the Company, regarding the Financial Statements for the year ended 31st March, 2017, was placed at the Board Meeting of the Company held on 18th May, 2017.

H. UNPAID/ UNCLAIMED DIVIDENDS

During the year under review, the Ministry of Corporate Affairs notified provisions relating to unpaid / unclaimed dividends under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules. As per the new Rules, dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate companies to transfer shares of shareholders whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In accordance with the new IEPF Rules, the Company had sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published requisite advertisement in the newspaper.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th August, 2016 (date of last Annual General Meeting) on the Company's website www.sutlejtextiles.com

I. SHAREHOLDER INFORMATION

(i) Disclosures regarding Directors seeking re-appointment

Mr. C.S.Nopany, a Director of the Company retires by rotation at this Annual General Meeting and is eligible for re-appointment.

Brief particulars of the director being re-appointed, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of the Listing Regulations, 2015 with the stock exchanges in India, are provided in the notes to the notice of the annual general meeting.

(ii) Means of communication

In accordance with Regulation 46 of the Listing Regulations, 2015, the Company has maintained a functional website at www.sutlejtextiles.com containing the basic information about the Company viz. the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances etc. The contents of the said website are updated from time to time.

The quarterly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they had been approved by the Board. The results are normally published in Business Standard in English and Rajasthan Patrika / Dainik Bhaskar in Hindi in terms of Regulation 47 of the Listing Regulations.

The Company organizes/participates in press meets / Analyst's meets to apprise and make public the information relating to the Company's working and future outlook.

The results are hosted on the website of the Company at - www.sutlejtextiles.com

A Management Discussion and Analysis Report forms part of this Annual Report.

Further, the Company disseminates to the stock exchanges i.e. BSE and NSE wherein the equity shares of the Company are listed, all mandatory information and price sensitive /such other information which in its opinion are material and/or have a bearing on its performance /operations and issue press releases wherever necessary for the information the public at large. For the benefit of the shareholders a separate email id has been created for shareholder correspondence viz. stil.investor_grievance@sutlej-rtm.co.in

The Company's website is updated periodically to include information on new developments and business opportunities of the Company.

(iii) General Body Meetings Of The Company

Details of the last three Annual General Meetings of the Company are as under:

AGM	Financial Year	Date	Time	Venue	Special business/s, If any, passed
11th	2015-16	August 27, 2016	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K.G.Goyal & Associates, Cost Auditor 2. Approval for Commission payable to Directors 3. To borrow and raise for and on behalf of the Company, a sum not exceeding Rs. 2,500 crore in aggregate. [U/S 180(1)(c) of the Companies Act, 2013]. 4. To raise financial resource through issue of securities for long term requirement of the Company

AGM	Financial Year	Date	Time	Venue	Special business/s, If any, passed
10th	2014-15	August 31, 2015	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Appointment of Smt. Sonu Bhasin as Independent Non-Executive Director. 2. Ratification of Remuneration paid to M/s. K.G.Goyal & Associates, Cost Auditor. 3. Approval of Purchase / Acquisition of Birla Textile Mills from Chambal Fertilisers and Chemicals Ltd., a Related Party with reference to the Company. 4. Appointment of M/s. S. R. Batliboi & Co., as Branch Auditors for Birla Textile Mills (BTM) and fixing their remuneration. 5. Appointment of Shri C.S.Nopany from Non-Executive Chairman to Executive Chairman of the Company. 6. To raise financial resource through issue of securities for long term requirement of the Company.
9th	2013-2014	August 23, 2014	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Appointment of the following directors as Independent Director for a term of 5 years :- i. Shri U.K.Khaitan ii. Shri Amit Dalal iii. Shri Rajan Dalal iv. Shri Rajiv Podar v. Dr. M. H. Rahman 2. Appointment of Shri Dilipkumar Shrichand Ghorawat as a Director under section 160 of the Companies Act, 2013. 3. Appointment of Shri Dilipkumar Shrichand Ghorawat as the Whole-time Director and Chief Financial Officer under section 196, 197 & 203 of the Companies Act, 2013. 4. To borrow and raise for and on behalf of the Company, a sum not exceeding Rs. 1500 crore in aggregate.

The 12th Annual General Meeting of the Company is proposed to be held on 31st August, 2017 at 3.00 P.M. at the Registered Office of the Company.

Postal Ballot:

During the financial year 2016-2017, the Company conducted Postal Ballot for passing of the following Special Resolution:-

- To approve creation of charge on the total assets of the Company to secure its borrowings u/s 180(1)(a) of the Companies Act, 2013.

In the Postal Ballot conducted pursuant to Regulation 44 of the Listing Regulations, 2015 and Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company had also offered e-voting facility, through National Securities Depository Limited, as an alternative, to enable the shareholders to cast their votes electronically The Board had appointed Mr. Rajendra Chouhan, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process. The results of the postal ballot were declared on 18th November, 2016. Details of the voting pattern were as under:

Sr. No.	Description of Resolution	Total Number of Valid Votes Received	Votes Cast (No. of Shares & %)	
			For	Against
1.	To approve creation of charge on the total assets of the Company to secure its borrowings u/s 180(1)(a) of the Companies Act, 2013	13048224	13048024 (99.998%)	200 (0.002%)

(iv) Details of unclaimed shares in terms of Regulation 39 of Listing Regulations, 2015

Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI "Manner of dealing with Unclaimed Shares", (effective from December 1, 2015), requires dematerializion of shares returned as "Undelivered" by the postal authorities, and hold the shares in an "Unclaimed Suspense Account" to be opened with either one of the Depositories viz. NSDL or CDSL.

All corporate benefits on such shares viz. bonus shares, dividends etc. shall be credited to the "unclaimed suspense account" for period of seven years. Thereafter the entire credits are to be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Companies Act, 2013.

The Company is in the process of identifying the cases which shall be covered by the provision of law, and after giving appropriate opportunity to the concerned shareholders, (through paper publication of Notices or otherwise), shall arrange full compliance of the law within prescribed time.

(v) General Shareholders' information

(a) 12th Annual General Meeting:

Date	31/08/2017
Day	Thursday
Time	3.00 p.m.
Venue	At Registered Office Pachpahar Road, Bhawanimandi 326 502 (Raj.)

(b) Last date for receipt of Proxies

Tuesday, 29th August, 2017 (before 3.00 p.m.at the Registered Office of the Company)

(c) Record Date

14th July, 2017 for entitlement of dividend.

(d) Book closure

The register of members and share transfer books of the Company shall remain closed from Friday 25th August, 2017 to Thursday 31st August, 2017 (both days inclusive).

(e) Tentative financial calendar:

Next financial year	1st April, 2017 to 31st March, 2018
Audited Annual Results (2016-17)	18th May, 2017
Publication of Audited Results (2016-17)	19th May, 2017
Mailing of Annual Report	end-July, 2017
First Quarter Results & Limited Review	end-July, 2017
Second Quarter Results & Limited Review	end-October, 2017
Third Quarter Results & Limited Review	end-January, 2018
Audited Annual Results (2017-18)	mid-May, 2018

(vi) Dividend

Payment date (tentative): 05th September, 2017.

The Board of Directors at their meeting held on 18th May, 2017, have recommended a Dividend of Rs 13/- per share for the year ended 31st March, 2017, subject to shareholders' approval at the forthcoming 12th Annual General Meeting. If approved, the dividend will be paid to the shareholders on or after 05th September, 2017 but within 30 working days from the date of Annual General Meeting. The Company will continue to use NECS/ECS or any other electronic mode for payment of dividend to the shareholders located in places where in such facilities/ system is in existence.

(vii) Listing on Stock Exchanges and stock codes:

The names of the Stock Exchanges on which the Company's equity shares are listed with the respective stock codes are as under:

Sl. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd., Mumbai	532782
2.	National Stock Exchange of India Ltd., Mumbai	SUTLEJTEX

Listing fees for the year 2016-17 have been paid to the Stock Exchanges within the stipulated time.

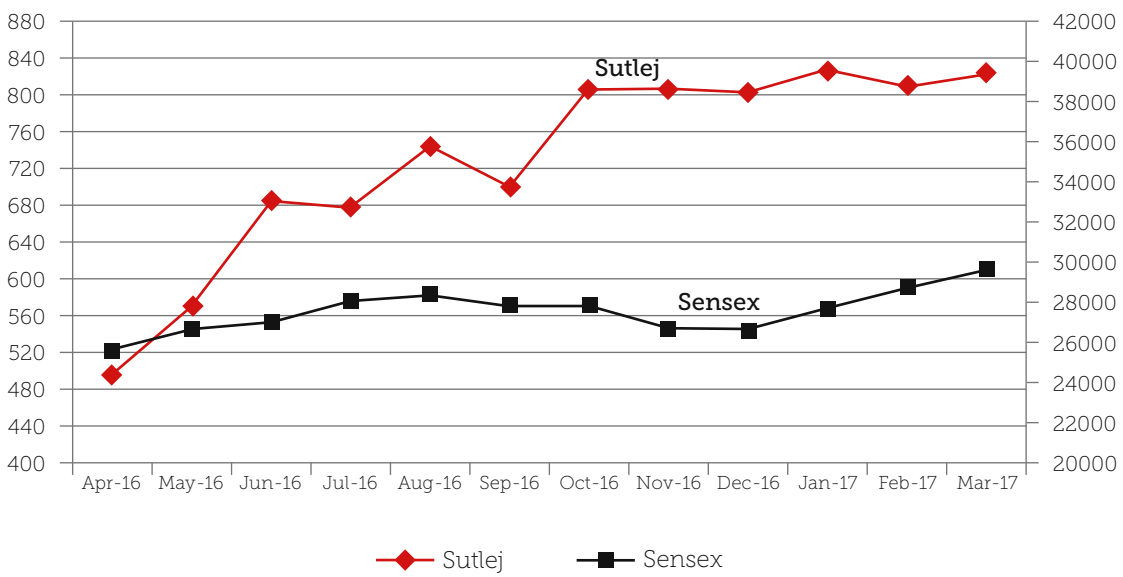
(viii) Corporate Identification Number

Corporate Identification Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is L17124RJ2005PLC020927.

(ix) Market price data

High/low market price of the Company's equity share traded on stock exchanges where the Company's shares are listed during the last financial year are as follows:

Month	Bombay Stock Exchange Limited, Mumbai		National Stock Exchange of India Limited, Mumbai	
	High	Low	High	Low
April, 2016	516.80	454.00	520.00	453.00
May, 2016	614.40	473.00	613.90	478.00
June, 2016	694.00	545.00	695.00	546.00
July, 2016	714.95	631.00	712.95	660.00
August, 2016	780.30	646.10	780.00	640.55
September, 2016	763.70	650.00	770.00	600.00
October, 2016	825.00	704.50	825.00	693.10
November, 2016	874.00	741.50	887.50	745.00
December, 2016	812.85	760.00	810.00	756.55
January, 2017	845.00	796.25	849.00	789.20
February, 2017	950.00	792.00	963.30	790.60
March, 2017	839.00	788.00	860.00	795.00



(x) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2017 was as follows:

Sl. No.	Number of equity shares	Number of shareholders	% of total shareholders	Number of shares held	% of total shares
1.	Up to 100	4164	61.53	148023	0.90
2.	101 to 500	1762	26.03	430603	2.63
3.	501 to 1000	417	6.16	306009	1.87
4.	1001 to 5000	320	4.73	674005	4.11
5.	5001 to 10000	49	0.72	326999	2.00
6.	10001 to 100000	38	0.56	1051177	6.42
7.	100001 to 500000	10	0.15	1779593	10.86
8.	500001 to above	8	0.12	11666453	71.21
	TOTAL	**6768**	**100**	**16382862**	**100**

(xi) Details of shareholding as on 31st March, 2017 was as under:

Sl. No.	Category	Number of folios	% of Folios	Number of shares held	% of shareholding
1.	Promoters	14	0.21	10467851	63.90
2.	Institutions/Banks/ Insurance	11	0.16	168023	1.03
3.	Private corporate bodies/ Associates	526	7.77	3074889	18.77
4.	Indian Public	6033	89.14	2611529	15.94
5.	NRI, Foreign Nationals and OCBs	184	2.72	60570	0.37
	TOTAL	6768	100	16382862	100.00

(xii) Dematerialisation of shares and liquidity:

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company entered into an agreement with National Securities Depository Ltd. and Central Depository Services (India) Ltd. As a result, 97.30% of the total equity share capital of the Company was held in a dematerialised form with NSDL and CDSL as on 31.03.2017.

The Company has paid the requisite fees to all these authorities for the year 2016-17

(xiii) Share transfer system

To expedite the share transfer, authority has been delegated to Stakeholders Relationship Committee of the Board. The Committee considers requests for transfers, transmission of shares, issue of duplicate certificates, issue of certificates on split/consolidation/ renewal etc. and the same are processed and delivered within 15 days of lodgment if the documents are complete in all respects. In compliance with the listing Guidelines, every six months, the share transfer system is audited by a practicing Company Secretary and a certificate to that effect is issued by him.The Secretary of the Company was authorised to approve the transfer of shares in addition to the Stakeholders' Relationship Committee.

(xiv) Address for Shareholders' Correspondence

Shareholders are requested to correspond with the Registrar and Share Transfer Agents at the below given address on all matters relating to transfers, dematerialization of shares, payment of dividend and any other query relating to the equity shares of the Company.

(xv) Registrar and Transfer Agent

The Company appointed M/s Link Intime India Private Limited, as Registrar & Share Transfer Agent of the Company from 1.04.2016 for handling share registry (physical and electronic modes). Accordingly, all correspondence, shares for transfer, transmission, demat/ remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA

directly at the following address:

M/s. Link Intime India Pvt.Ltd.
C-101, 1st Floor,
247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West,
Mumbai 400083
Tel. 022-49186000
Fax: 022- 49186060
Email Id: rnt.helpdesk@linkintime.co.in

(xvi) Compliance Officer's Details:
Mr. D.R.Prabhu
Company Secretary & Compliance Officer
Seated at Mumbai Office at:
Sutlej Textiles and Industries Limited
E wing, 6th Floor, Lotus Corporate Park,
Graham Firth Street, Near Sun Pharmaceuticals,
Jaycoach, Goregaon (East), Mumbai-400 063
Tel : 022-4219 8800 / 4219 8824
Fax : 022-4219 8830/31
E-mail ID: prabhu@sutlejtextiles.com

(xvii) Investor Relations:
In order to facilitate investor servicing, the Company has designated an e-mail id- stil.investor_grievance@sutlej-rtm.co.in mainly for registering complaints by investors.

I. COMPLIANCE

(i) Statutory Compliance, Penalties and Strictures

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI, and other statutory authorities on all matters relating to the capital market during the last three years. There were no cases of penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the Capital market during the last three years except as under:-

Sl. No.	Nature of Litigation (Example Civil, Criminal, Tax, etc)	Name of Parties	Forum	Facts	Amount involved	Remarks
1.	Violation of -SEBI Act 1992 -SEBI (Prohibition of Insider Trading Act) Regulations 1992	Against the Company by SEBI. [Enquiry Notice No. EFD/ DRA-I/VK/ PP/21555/2015 dated 14.07.2015]	SEBI	A Show Cause Notice dated 14.07.2015 was received by the Company on 05.08.2015 from SEBI indicating its intention to launch adjudication proceedings against the Company under 15(A)(b) of the SEBI Act for violations of:- -Securities and Exchange Board of India Act 1992 (SEBI Act) & -SEBI(Prohibition of Insider Trading) Regulations 1992, unless Company preferred a settlement . During a hearing, the Company proposed a settlement as per the SEBI guidelines, and offered Rs. 5,39,750/- towards settlement of the matter after filing application for consent terms following the prescribed procedure. Securities and Exchange Board of India (SEBI) has passed a "Settlement Order" on December 20, 2016 (Application No. 3032 of 2016), under which, the Company has deposited the stated amount of Rs. 5,39,750 towards the Settlement . The order does not have any material impact on operations/financial position of the Company.	-	Securities and Exchange Board of India (SEBI) has passed a "Settlement Order" on December 20, 2016 (Application No. 3032 of 2016) upon deposit of Rs. 5,39,750/- by the Company.

Sl. No.	Nature of Litigation (Example Civil, Criminal, Tax, etc)	Name of Parties	Forum	Facts	Amount involved	Remarks
2.	Notice under section 148(8) of Companies Act, 2013	Against the Company by MCA. dated 27.03.2017	MCA	During the year company received a show cause notice from Ministry of Corporate Affairs regarding non-filing of "cost audit report for the year 2014-15 " as per section 148 sub section (8) of companies act 2013. The Company has responded that as per the Notified Rules dated 01.07.2014, Cost Audit was not applicable for 2014-15, and therefore the appointment of Cost Auditor for the year 2014-15, being void, was revoked by the Company.	-	-
3.	Notice received from the Rajasthan Pollution Control Board	Against the Company by Rajasthan Pollution Control Board	Rajasthan Pollution Control Board	Rajasthan Pollution Control Board, Rajasthan, issued notice regarding Environmental pollution issue at the dyeing plant of Rajasthan Textiles Mills, Bhawanimandi, Rajasthan. As per the directions of the Board, the Company has carried out necessary improvements and also conducted the environmental audit of the said Unit. The Dyeing plant has commenced its operation after full compliance.	-	-

(ii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

(iii) Disclosure Under Regulation 30 Of The Listing Regulations, 2015 Regarding Certain Agreements With The Media Companies.

Pursuant to the requirement of Regulation 30 of the Listing Regulations, 2015, the Company would like to inform that no agreement(s) have been entered into with media companies and /or their associates which has resulted in/ will result in any kind of shareholding in the Company and consequently any other related disclosures viz. details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/contracts/agreements / MoUs or similar instruments with media companies and/ or their associates.

K. INVESTOR SAFEGUARDS AND OTHER INFORMATION

(i) Dematerialization of Shares

Shareholders are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc and also to ensure safe and speedy transaction in respect of the shares held.

(ii) National Electronic Clearing Services (NESC)/ Electronic Clearing Services (ECS) mandate

NECS/ECS facility ensures timely remittance of dividend without possible loss/delay in postal transit. Shareholders/ Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders/Members holding shares in physical form may register their NECS/ECS details with Registrar and Share Transfer Agents to receive dividends, if declared, via the NECS/ECS mode.

(iii) Timely Encashment of Dividends

In respect of the shareholders who have either not opted for NECS/ECS mandate or do not have such a facility with their banker, are requested to encash dividends promptly to avoid the inconvenience of writing to Company's Share Transfer Agents thereafter for revalidation of dividend warrants and failing their encashment for a period of seven years, they stand to lose the right to claim such dividends owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

(iv) Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Under the Companies Act, 2013, dividends which remain unclaimed for a period of seven years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2009-2010 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government, are given in the table below:

Financial Year ended	Date of Declaration of Dividend	Amount remaining unclaimed/unpaid as on 31.03.2017 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Date of amount become due for transfer to IEP Fund
31.03.2010	06.08.2010	395095	05.08.2017	05.09.2017
31.03.2011	06.08.2011	1462508	05.08.2018	05.09.2018
31.03.2012	11.08.2012	972940	10.08.2019	10.09.2019
31.03.2013	10.08.2013	884145	09.08.2020	09.09.2020
31.03.2014	23.08.2014	2318112	22.08.2021	22.09.2021
31.03.2015	31.08.2015	2078420	30.08.2022	30.09.2022
31.03.2016	27.08.2016	2157831	26.08.2023	26.09.2023

Members are once again requested to utilize this opportunity and get in touch with Company's Registrar and Share transfer Agents M/s Link Intime India Pvt. Ltd. at their communication address for encashing the unclaimed dividends standing to the credit of their account.

Members are further requested to note that after completion of 7 years, no claims shall lie against the said funds or Company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claim. The Shareholder whose dividend are transferred to IEPE authority can claim their dividend from the concerned Authority.

(v) Update Address/Bank Details

To receive all communications/corporate actions promptly, shareholders holding shares in dematerialised form are requested to please update their address/bank details with the respective DPs and in case of physical shares, the update details have to be intimated to the Registrar and Share Transfer Agents.

(vi) Consolidate Multiple Holdings (in respect of physical holdings)

Members are requested to consolidate their shareholdings under multiple folios to eliminate receipt of multiple communications and this would ensure that future correspondence / corporate benefits could be sent to consolidated folio.

(vii) Registered email address

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notice/ documents including Annual Report comprising Balance Sheet, Profit and Loss Account, Directors Report, Auditors Report etc in electronic mode (hereinafter 'documents'), provided the Company has obtained email address of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email addresses and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email addresses along with the details such as name, address, folio no, no of shares held to the Registrar and Share transfer Agents, M/s Link Intime India Pvt. Ltd.

In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the

Company proposes to send notices and documents, in electronic form to such shareholders.

(viii) Addresses for correspondence:

Sutlej Textiles and Industries Limited
Pachpahar Road
Bhawanimandi-326 502 (Rajasthan)
Telephones: 07433-222052/222082/222090
Fax: 07433-222354
E-mail: stil.investor_grievance@sutlej-rtm.co.in

M/s. Link Intime India Pvt.Ltd.
C-101, 1st Floor,
247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West,
Mumbai 400083
Tel. 022-49186000
Fax: 022- 49186060
E-mail: rnt.helpdesk@linkintime.co.in

(ix) Location of the Plants:

Units	Location	Products
Rajasthan Textile Mills	Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)	Cotton yarn and Manmade fibre yarn
Chenab Textile Mills	Kathua 184 102 (Jammu & Kashmir)	Cotton yarn and Manmade fibre yarn
Birla Textile Mills	Baddi, Solan, Himachal Pradesh 173205	Cotton yarn and Manmade fibre yarn
Damanganga Home Textiles	Village Daheli, Near Bhilad, Umbergaon, District: Valsad (Gujarat) 396 105	Home textiles furnishing

DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER REGULATION 26 OF THE LISTING REGULATIONS, 2015

To,
The Members of
Sutlej Textiles and Industries Limited

I hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2017.

Sd/-
S.K.Khandelia
President & CEO

Place: Mumbai
Date: 06th May, 2017.

CEO & CFO CERTIFICATE

[As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Date: 15.05.2017

To, The Board of Directors,
Sutlej Textiles and Industries Limited
Bhawanimandi – 326502 (Raj.)

We hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2017 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee:

  (i) significant changes, if any, in internal control over financial reporting during the year;

  (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Sutlej Textiles and Industries Limited

Sd/-
(S.K.Khandelia)
President & CEO

For Sutlej Textiles and Industries Limited

Sd/-
(Bipeen Valame)
Wholetime Director & CFO

Auditor's Certificate on Corporate Governance

To
The Members of
Sutlej Textiles and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sutlej Textiles and Industries Limited ('the Company'), for the year ended March 31, 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to Regulation 15(2) of the Listing Regulations .

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certificate of Corporate Governance ,issued by the Institute of Chartered Accountants of India and limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For Singhi & Co.
Chartered Accountants
Firm Reg.No.302049E

B. K. Sipani
Partner
Membership No.88926

Place: Mumbai
Dated: 18th May, 2017

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2016-17

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy ad projects or programmes.

   The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website of the Company for the viewing/convenience of all stakeholders. Web link for the same is http://sutlejtextiles.com/assets/pdf/policy/csr-policy-2014-adopted-13-05-2014.pdf

2. The composition of the CSR Committee:

   (i) Mr. U.K.Khaitan — Chairman

   (ii) Mrs. Sonu Bhasin — Member

   (iii) Dr. Mahmoodur Rahman — Member

   (iv) Mr. Amit Dalal — Member

3. Average net profit of the Company for the last three financial years: Rs. 16826.92 lakhs

4. Prescribed CSR Expenditure [2 percent of the amount as in item 3 above): Rs 336.54 lakhs

5. Details of CSR spend during the financial year:

   (a) Total amount to be spent for the financial year : Rs. 336.54 lakhs

   (b) Total amount spent during the financial year : Rs 632.53 lakhs

   (c) Amount unspent, if any : Nil

   (d) Manner in which the amount spent during the financial year is detailed below.

(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No		CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project program wise (Rs. in lakhs)	Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs Overheads: (Rs. in lakhs)	Cumulative expenditure upto the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency (Rs. in lakhs)
1.		**Water Conservation**						
	1.1	Initiatives under Mukhya Mantri Jal Swavalamban Abhiyan, Jaipur-phase-I -Anicut (Check dam) at Gram Ranayara	Conservation of water, and making available safe drinking water	Jhalawar Dist., (Rajasthan)	200	42.38	42.38	Amount directly spent by the Company

	1.2	-Civil work, etc at Bhimnagar water tank related to 2 Sintex tank given in F.Y.2015-16	Sanitation and making available safe drinking water	Bhawani mandi, Dist. Jhalawar (Rajasthan)		0.67	0.67	Amount directly spent by the Company
	1.3	-Water Supply at Bhimnagar through Tankers under "Jal Swavlamban Abhiyan"	Sanitation and making available safe drinking water	Bhawani mandi, Dist. Jhalawar (Rajasthan)		1.82	1.82	Amount directly spent by the Company
	1.4	-Television Commerical (TVC) / Short Video film shoot with drone for Advertising various contraction work done at Gram Panchayat Samiti Bhawanimandi, under Chief Minister "Jal Swavlamban Abhiyan"	Sanitation and making available safe drinking water	Bhawani mandi, Dist. Jhalawar (Rajasthan)		2.93	2.93	Amount directly spent by the Company
2.		**Water Conservation/safe drinking water** Mukhya Mantri Jal Swavalamban Abhiyan, Jaipur -Phase II	Conservation of natural resources, maintaining quality of soil, air and water, and making available safe drinking water	Rajasthan	1000 To be spent in 2 years viz.: 2016-17 and in 2017-18*	500	500	Paid by cheque in favour of "Mukhya Mantri Jal Swavalamban Abhiyan" to the Collector, Government of Rajasthan
3.		**Swatch Bharat Abhiyan:** -Mahindra Load King Tipper truck for Swatch Bharat Abhiyan	Swatch Bharat Abhiyan	Bhawani mandi, (Rajasthan)	15.00	9.11	9.11	Amount directly spent by the Company
4.		**Sports -**Contribution towards Construction of one Tennis Court at SMS Stadium Jaipur	Promotion of sports activities	Jaipur, (Rajasthan)	-	19.00	19.00	Amount paid to Rajasthan Sports Council, Jaipur
				Total (a)	**1215.00**	**575.92**	**575.92**	
5.		- Cost of Blankets distributed to Families of Martyrs	Measures for the benefit of armed forces veterans	Kathua (J&K)	15.00	0.51	0.51	
6.		- Contribution to Kusthrog Niwaran Samiti	Promotion of Health care activities	Kathua (J&K)		0.21	0.21	Amount directly spent by the Company
7.		-Education Initiative Promoting education, incl. Sp. education and employment enhancing vocation skills especially among children, women, elderly, differently abled and livelihood enhancement projects	Promotion of education activities	Ranchi, Jharkhand	40.00	40.00	40.00	Contribution to Manav Vikas Vidyalaya Trust, Kolkata
8.		**Initiative for promotion and development of traditional art and culture**						
	8.1	-Expenses Incurred for participants of National Art & Cultural Workshop		Leh, (J&K)	10.00	0.97	0.97	Amount directly spent by the Company
	8.2	Expenses Incurred for Cultural Play "Mere Hisse Ki Dhoop Kahan" & "Celebrating Diversity of J&K". - protection of national heritage, art and culture.		Kathua (J & K)		1.25	1.25	Amount directly spent by the Company

9.		**Rural Development projects**						
	9.1	-Construction of One Hall		Panchyat Halqua Pathari	30.00	1.18	1.18	Amount directly spent by the Company
	9.2	-Construction of RCC Benches & Toie wall In Park on bank of Canal		Sawan Chowk		1.94	1.94	Amount directly spent by the Company
10.		**Promotion of sports activities** -Police Martyrs North Zone T-20 Cricket Tournamanets at Kathua		Kathua(J&K)		3.00	3.00	Amount directly spent by the Company to the winning Team
				Total (b)	**95.00**	**49.06**	**49.06**	
11.		**Environment**						
	11.1	-Tree Plantation and Tree Guard	Environmental sustainability and ecological balance	Baddi, (H.P.)	7.00	0.82	0.82	Amount directly spent by the Company
	11.2	-Public park and fountain	Ecological balance	Birla Chowk at Jharmajri, Baddi, (H.P.)	6.00	3.07	3.07	Amount directly spent by the Company
12.		Construction of shelter at Shamshan Ghat,	Rural Development project	Village Gullarwala, Dist....(H.P.)	7.00	3.67	3.67	Amount directly spent by the Company
				Total (c)	**20.00**	**7.56**	**7.56**	
				Grand Total (a+b+c)	**1330**	**632.53**	**632.53**	

Note *Rs.500 lakhs budgeted for 2017-18 under the Mukhya Mantri Jal Swavalamban Abhiyan, Jaipur already spent in 2017-18.

6. In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Reasons for Amount unspent:Not Applicable. Please see Note below:-

   a) The Company has put in place a process of identifying suitable projects for its CSR spend. The Company will participate in projects for providing of safe drinking water, various programmes under Swatch Bharat Abhiyan, promoting health care services, education, promotion of sports, cultural and social activities, construction of roads and drains etc. for the benefit of the people at large in the area of its activity. The amount spent in the current Financial Year of Rs 632.53 lakhs, exceeds the required spending by Rs. 296.00 lakhs.

   b) As on date, the Company has committed and spent a further amount of Rs.500 lakhs in the State of Rajasthan under "MUKHYAMANTRI JAL SWAVLAMBAN ABHIYAN" (MJSA) on water conservation, development of water bodies, and other water resources for addressing problem of water shortage in the State of Rajasthan, which shall be accounted for in 2017-18.

7. Responsibility Statement of the CSR Committee: The CSR committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

sd/-
U.K.Khaitan
Chairman,
CSR Committee

sd/-
S.K.Khandelia
President & CEO

Annexure-V to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017
[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:-	L17124RJ2005PLC020927
ii)	Registration Date:	22/06/2005
iii)	Name of the Company:	SUTLEJ TEXTILES AND INDUSTRIES 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:	Pachpahar Road, Bhawanimandi, Rajasthan - 326 502, India Tel: 07433-222082,222052,222090,222115 Fax: 07433-222354 Website: www.sutlejtextiles.com
vi)	Whether listed company Yes / No:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any –	Link Intime India Pvt.Ltd. C-101, 1st Floor, 247 Park Lal Bahadur Shastri marg Vikhroli West Mumbai 400083 Tel: 022 - 4918 6000; Fax: 022-49186060 Email: rnt.helpdesk@linkintime.co.in; Website: www.linkintime.co.in

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	Preparation and spinning of textile fibres - Preparation and spinning of cotton fiber including blended cotton	13111	37.42%
2	Preparation and spinning of textile fibres - Preparation and spinning of man-made fiber including blended man-made fiber	13114	56.25%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NA				

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

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	**Promoters**									
1)	**Indian**									
a	Individuals/ HUF	11000	0	11000	0.07	11000	0	11000	0.07	0.00
b	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	10456851	0	10456851	63.83	10456851	0	10456851	63.83	0.00
e	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	i. Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)		**10467851**	**0**	**10467851**	**63.90**	**10467851**	**0**	**10467851**	**63.90**	**0.00**
2)	**Foreign**									
a	NRI Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
Total holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		**10467851**	**0**	**10467851**	**63.90**	**10467851**	**0**	**10467851**	**63.90**	**0.00**
B	**Public Shareholding**									
1)	**Institutions**									
a	Mutual Funds/ UTI	0	0	0	0.00	118945	0	118945	0.73	0.73
b	Banks/ FI	83482	0	83482	0.51	48146	0	48146	0.29	-0.22
c	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g	FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i	Others (specify) Foreign Portfolio Investor	0	0	0	0.00	932	0	932	0.01	0.01
Sub-Total (B) (1)		**83482**	**0**	**83482**	**0.51**	**168023**	**0**	**168023**	**1.03**	**0.52**
2)	**Non-Institutions**									
a	Bodies Corporates									
	i. Indian	2815108	179673	2994781	18.28	2791671	171463	2963134	18.09	-0.19
	ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b	Individuals									

	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	
	i. Individual Shareholders holding nominal share capital upto Rs. 1 lakh	1443760	268990	1712750	10.45	1085946	270877	1356823	8.28	-2.17
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1085872	0	1085872	6.63	1083243	0	1083243	6.61	-0.02
c	Others (specify)									
	i.Non-Resident Indian	29484	0	29484	0.18	51973	0	51973	0.32	0.14
	ii.Overseas corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
	iii.Foreign Nationals	8597	0	8597	0.05	8597	0	8597	0.05	0.00
	iv.Clearing Members	0	0	0	0.00	21084	0	21084	0.13	0.13
	v.Trust	0	0	0	0.00	450	0	450	0.003	0.003
	vi.Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
	vii.Hindu Undivided Family	0	0	0	0.00	261684	0	261684	1.60	1.60
	vii. NBFC	45	0	45	0	0	0	0	0	0
Sub-Total (B) (2)		**5382866**	**448663**	**5831529**	**35.60**	**5304648**	**442340**	**5746988**	**35.08**	**-0.52**
Total Public Shareholding (B)= (B)(1) + (B)(2)		**5466348**	**448663**	**5915011**	**36.10**	**5472671**	**442340**	**5915011**	**36.10**	**0.00**
C	**Shares held by Custodian for GDRs & ADRs**									
Grand Total (A+B+C)		**15934199**	**448663**	**16382862**	**100.00**	**15940522**	**442340**	**16382862**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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 shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Uttar Pradesh Trading Co Ltd	3041697	18.57	33.70	3041697	18.57	23.01	0.00
2	Hargaon Investment & Trading Co Ltd	1711396	10.45	0.00	1711396	10.45	0.00	0.00
3	New India Retailing and Investment Ltd	1706304	10.42	0.00	1706304	10.42	0.00	0.00
4	Yashovardhan Investment &Trading Co Ltd	1486836	9.08	0.00	1486836	9.08	0.00	0.00
5	Ronson Traders Limited	972373	5.93	0.00	972373	5.93	0.00	0.00
6	OSM Investment & Trading Co Ltd	638820	3.90	0.00	638820	3.90	0.00	0.00

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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 shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
7	Champaran Marketing Co Ltd	309810	1.89	0.00	309810	1.89	0.00	0.00
8	SCM Investment & Trading Co Ltd	182928	1.11	0.00	182928	1.11	0.00	0.00
9	RTM Investment & Trading Co Ltd	182928	1.11	0.00	182928	1.11	0.00	0.00
10	Sidh Enterprises Ltd	119424	0.73	0.00	119424	0.73	0.00	0.00
11	SIL Investments Limited	75000	0.46	0.00	75000	0.46	0.00	0.00
12	Sonali Commercial Ltd	28435	0.17	0.00	28435	0.17	0.00	0.00
13	C. S. Nopany	11000	0.07	0.00	11000	0.07	0.00	0.00
14	Uttam Commercial Ltd	900	0.01	0.00	900	0.01	0.00	0.00
	Total	**10467851**	**63.90**	**33.70**	**10467851**	**63.90**	**23.01**	**0.00**

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

There is no changes in the promoters Shareholding during the year 2016-17

(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		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Bought during the year	Sold during the Year	No. of Shares	% of total shares of the Company
1.	BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE	1128658	6.89	0	0	1128658	6.89
2.	EARTHSTONE HOLDING (TWO) LIMITED	980369	5.98	0	0	980369	5.98
3.	NAVJEEWAN MEDICAL INSTITUTE	285691	1.74	0	0	285691	1.74
4.	VINODCHANDRA MANSUKHLAL PAREKH	180154	1.10	0	0	180154	1.10
5	PLAY-FAIR CAPITAL AND INVESTMENT (P) LTD	166609	1.02	7740	0	174349	1.06
6.	MOHAN GUPTA	125000	0.76	0	0	125000	0.76
7.	PIC REALCON LTD	114309	0.70	0	0	114309	0.70
8.	MOHAN GUPTA	105000	0.64	0	0	105000	0.64
9.	SANJEEV VINODCHANDRA PAREKH	87594	0.53	0	0	87594	0.53
10.	BNP PARIBAS MID CAP FUND	0	0.00	81645	0	81645	0.50
11.	ICICI BANK LIMITED	61152	0.37	43014	61834	42332	0.26

Notes:

The above information is based on the weekly beneficiary position received from Depositories.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**Shri C. S. Nopany**				
	At the beginning of the year	11000	0.07	11000	0.07
	(Increase/ Decrease) during the Year	0	0	0	0
	At the End of the Year	11000	0.07	11000	0.07
2.	Other Directors and KMPs hold **NIL** shares in the Company				

V. INDEBTEDNESS

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8037374900	0	0	8037374900
ii) Interest due but not paid	38684661	0	0	38684661
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**8076059561**	**0**	**0**	**8076059561**
Change in Indebtedness during the financial year				
• Addition	2648066008	790583473	0	3438649481
• Reduction	1152511178	0	0	1152511178
Net Change	**1495554830**	**790583473**	**0**	**2286138303**
Indebtedness at the end of the financial year				
i) Principal Amount	9540478895	790583473	0	10331062368
ii) Interest due but not paid	31135496	0	0	31135496
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**9571614391**	**790583473**		**10362197864**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (Rs.)
		Shri Dilpkumar Ghorawat, Wholetime Director & CFO#	Shri Bipeen Valame Wholetime Director & CFO##	Shri C.S.Nopany Executive Chairman	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,02,700	24,85,125	3,00,00,000	3,69,87,825
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	6,94,00,000	6,94,00,000
	- as % of profit				
	- others, specify...				
5.	Others, please specify				
	a) Fee for attending board / committee meetings	0	0	2,25,000	2,25,000
	b) PF	2,54,400	2,10,343	0	4,64,743
	c) Car Expenses	2,64,888	1,42,962	0	4,07,850
	d) Premium for P.A. Cover	3,942	5,503	0	9,445
	e) Other	0	2,28,387	0	2,28,387
	f) Variable Commission	0	0	0	0
	Total (A)	**50,25,930**	**30,72,320**	**9,96,25,000**	**10,77,23,250**

Shri Dilip kumar Ghorawat ceased to be Wholetime Director & CFO w.e.f. 10.09.2016

Shri Bipeen Valame was appointed as CFO w.e.f. 08.11.2016

Shri Bipeen Valame was appointed as Wholetime Director w.e.f.09.02.2017

B. Remuneration to other directors:

Sl No.	Particulars of Remuneration	Name of Directors						Total Amount (Rs.)
		Shri U.K.Khaitan	Shri Rajan Dalal	Shri Amit Dalal	Shri Rajiv Podar	Dr. M.H.Rahman	Smt. Sonu Bhasin	
1.	Independent Directors							
	Fee for attending board / committee meetings	475000	400000	725000	700000	525000	375000	3200000
	Commission	400000	400000	400000	400000	400000	400000	2400000
	Others, please specify							
	Total (1)							5600000
2.	Other Non-Executive Directors	Shri Sukhvir Singh**						
	Fee for attending board / committee meetings	50000						50000
	Commission	222466						222466
	Others, please specify							
	Total (2)							272466
	Total (B)=(1+2)							5872466
	Ceiling as per the Act	11% of the Net profits of the Company						

** Shri Sukhvir Singh was appointed as Director w.e.f. 10/09/2016

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl No.	Particulars of Remuneration	Name of Key Managerial Personnel Other Than MD/Manager/WTD		Total Amount (Rs.)
		Shri Suresh Kumar Khandelia, President & CEO	Shri Deelip R.Prabhu, Company Secretary& Compliance Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,72,36,887	23,67,828	3,96,04,715
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	14,38,908	1,51,290	15,90,198
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit			
	- others, specify...			
5.	Others, please specify			
	a) PF	32,41,440	2,68,056	35,09,496
	b) Superannuation	40,51,800	0	40,51,800
	c) Premium for P.A.Cover	64,191	2,832	67,023
	Total (A)	4,60,33,226	27,90,006	4,88,23,232
	Ceiling as per the Act			

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2016-17, there were no penalties/punishment/compounding of offenses under the Companies Act, 2013.

Particulars of Employees

A. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under :

Sr. No.	Name of Director / KMP	Remuneration of Director/KMP for FY 2016-17 (Rs.in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. C. S. Nopany	994.00	Executive Chairman	44.48	849.39
2.	Mr. U. K. Khaitan	4.00	Non-Executive Independent Director	100	3.42
3.	Mr. Amit Dalal	4.00	Non-Executive Independent Director	100	3.42
4.	Mr. Rajan Dalal	4.00	Non-Executive Independent Director	100	3.42
5.	Mr. Rajiv K.Podar	4.00	Non-Executive Independent Director	100	3.42
6.	Mr M.H. Rahman	4.00	Non-Executive Independent Director	100	3.42
7.	Mrs. Sonu Bhasin	4.00	Non-Executive Independent Director	121.88	3.42
8.	Mr. Sukhvir Singh*	2.22	Non-Executive Director	87.10	1.90
9.	Mr. Bipeen Valame**	30.72	Whole-time Director & Chief Financial Officer	0	26.25
10.	Mr. Dilip Ghorawat***	50.26	Whole-time Director & Chief Financial Officer	0	42.95
11.	Mr. S. K. Khandelia	460.33	President & Chief Executive Officer	21.50	393.36
12.	Mr. D. R. Prabhu	27.90	Company Secretary & Compliance Officer	36.84	23.84

* Shri Sukhvir Singh was appointed as Director w.e.f. 10/09/2016
** Shri Bipeen Valame was appointed as CFO w.e.f. 08/11/2016
** Shri Bipeen Valame was appointed as Whole-time Director w.e.f. 09/02/2017
*** Shri Dilip Ghorawat Ceased to be CFO & Whole-time Director w.e.f. 10/09/2016

2. In the financial year, there was an increase of 0.99% in the median remuneration of employees;

3. There were 15231 permanent employees on the rolls of Company as on March 31, 2017;

4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 11.75% whereas the increase in the managerial remuneration for the same financial year was 35.61%.

5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Notes:

i. The remuneration of non-executive directors is exclusive of sitting fees.

B. Information pursuant to Section 197(12) of the Companies Act, 2013 read with the Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(1) Top 10 employees in terms of remuneration drawn during the year

Sr. No.	Employee Name	Designation	Remuneration in FY 2017 (Rs.)
1.	Mr. C. S. Nopany	Executive Chairman	99400000
2.	Mr. S. K. Khandelia	President & Chief Executive Officer	46033226
3.	Mr. Rajeev Jain	Joint President	11260801
4.	Mr. K. C. Sharma	Executive President	8665625
5.	Mr. Manoj John	Vice President (Strategic Initiatives)	7545573
6.	Mr. D L Birla	Executive President	6628805
7.	Mr. S. S. Maheshwari	Executive President	5563415
8.	Mr. R. R. Kankani	Joint Executive President - Damanganga Unit; Sr. Vice President (Marketing) - RTM	5541753
9.	Mr. P. K. Mittal	Asstt. Executive President (Comm & Admn)	4840682
10.	Mr. Sushil Bhalothia	Sr. Vice President (Marketing)	4193057

(2) Employed throughout the financial year and were in receipt of remuneration aggregating not less than Rs.1,02,00,000/- per annum.

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the Company
Mr. C.S.Nopany Executive Chairman	9,94,00,000	C.A.; Master Degree in Science of Industrial Administration from Carnagie Mellon University, Pitsburgh,USA 27Year	Regular	Executive Management	July 01, 2015	51	Chairman and M.D.: Oudh Sugar Mills Ltd.
Mr. S.K.Khandelia President & Chief Executive Officer	4,60,33,226	B.Com., FCA, 41 years.	Regular	Overall management	July 01, 2005	66	Sutlej Industries Ltd.
Mr. Rajeev Jain Joint President	1,12,60,801	B.Tech.(Text.),M.B.A. 35 years.	Regular	Technical Management	November 09, 2015	56	Rajasthan Spg. & Wvg.Mills Ltd.

(3) Employed for part of the financial year and were in receipt of remuneration aggregating not less than Rs.8,50,000/- per month.

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the Company
Mr. Dilip Ghorawat Whole-time Director & Chief Financial Officer	50,25,930	B.Com., FCA, 23 years.	Regular	Financial Management	September 16, 2013	52	Sujana Metal Products Ltd.

Notes [B2 and B3]:

1. Other Terms & Conditions: As per Company's Rules and Regulations.
2. Remuneration received includes Salary, Reward, Encashment of Leave, Medical Expenses, Premium on Personal Accident Policy, Perquisites and Company's contribution to Provident Fund and Superannuation Fund; but excludes Gratuity.
3. Above employee is not a relative of any Director of the Company.
4. Percentage of shares held:

Name of Director	No of Shares	% of Shares
Mr. C. S. Nopany	11000	0.07

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

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

To,
The Members,
Sutlej Textiles and Industries Limited
CIN L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Jhalawar, Rajasthan.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SUTLEJ TEXTILES AND INDUSTRIES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st MARCH, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st MARCH, 2017, and made available to me, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 : [not applicable during audit period]

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999 / securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) [not applicable during audit period]

e. The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008 [not applicable during audit period]

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations2009 [not applicable during audit period]

h. The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 [not applicable during audit period]

VI. The following Other Laws as applicable to the Company:

a. Employees Provident Fund and Miscellaneous Provisions Act, 1952.

b. Employees State Insurance Act, 1948.

c. Environment Protection Act, 1986 and other environmental laws.

d. Equal Remuneration Act, 1976.

e. Factories Act, 1948.

f. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003.

g. Income Tax Act, 1961 and Indirect Tax Laws.

h. Industrial Dispute Act, 1947.

i. Maternity Benefits Act, 1961

j. Minimum Wages Act, 1948

k. Payment of Bonus Act, 1965

l. Payment of Gratuity Act, 1972

m. Payment of Wages Act, 1936.

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

(a) Secretarial Standards issued by The Institute of Company Secretaries of India.

(b) The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;

I report that During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. In respect of secretarial standards (SS-1) issued by ICSI, the Company has follow the same, however in my opinion there is scope for improvement.

2. During the year company received a show cause notice from Ministry of Corporate Affairs regarding non-filing of "cost audit report for the year 2014-15 " as per section 148 sub section (8) of companies act 2013. The Company has responded that as per the Notified Rules dated 01.07.2014, Cost Audit was not applicable for 2014-15, and therefore the appointment of cost auditor itself being void, was revoked by the Company.

3. Pursuant to a show cause Notice dated 14.07.2015 issued by SEBI for launch of adjudication proceedings for alleged violations, inter alia, of SEBI (Prohibition of Insider Trading) Reg. 1992, the Company's offer for settlement through Consent Terms was accepted by the SEBI. Against the settlement order for Rs. 5,39,750/- in the matter, the Company has deposited the amount within specified time prescribed under the order.

4. During the year company's registrar and share transfer agent : namely Sharepro Services (India) Private Limited was restrained from securities market as per SEBI order and SEBI directed all the companies associated with Sharepro to conduct a thorough audit in respect of dividend payment and transfer of shares to the beneficial owners. Company has complied with the order and submitted the audit report conducted by M/s. Rathi &Associates (P.C.S) within the time specified by the SEBI.

5. Rajasthan Pollution Control Board, Rajasthan, issued notice regarding Environmental pollution issue at the dyeing plant of Rajasthan Textiles Mills, Bhawanimandi, Rajasthan. As per the directions of the Board, the Company has carried out necessary improvements and also conducted the environmental audit of the said Unit. The Dyeing plant commenced its operation after full compliance.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- The Company maintain all the registers as required under the Act but there are some additional improvement requirement in the registers. I am informed that the Registers maintenance system is being upgraded to ensure fullest compliance.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent with proper time gap in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views (if any) are captured and recorded as part of the minutes.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
- The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
- I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye laws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- The Company has complied with the requirements under the Equity Listing Agreements and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into with BSE Limited, National Stock Exchange of India Limited.
- The Company has obtained all necessary approvals under the various provisions of the Act, where required and applicable; and

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

I further report during the audit period the Company has undertaken specific actions regarding:

- Major decisions taken by the members in pursuance to section 180 (1) (a) of the Act by postal ballot on 18.11.2016 and 180 (1) (c) of the Act at Annual General Meeting held on 31.08.2016

I further report during the audit period, there were no instances of:

I. Public / Right / Preferential issue of shares / debentures / sweat equity or any other securities.
II. Redemption / buy-back of securities.
III. Merger / amalgamation / reconstruction etc.
IV. Foreign technical collaborations.

For **R. CHOUHAN & ASSOCIATES**

RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
FCS No. 5118
C P No.: 3726

Place : JAIPUR
Date : 06.05.2017

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

"ANNEXURE A"

To,
The Members,
Sutlej Textiles and Industries Limited
CIN L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Jhalawar, Rajasthan

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My 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 **R. CHOUHAN & ASSOCIATES**

RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
FCS No. 5118
C P No.: 3726

Place : JAIPUR
Date : 06.05.2017

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 transaction under third proviso thereto.

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

   There were no contracts of arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at Arm's length basis.**

   There were no material contracts of arrangements or transactions entered into during the year ended March 31, 2017, which were at arm's length basis.

For and on behalf of the Board

Place : Mumbai
Date: 18.05.017

C. S. Nopany
Executive Chairman

Independent Auditor's Report

TO THE MEMBERS OF

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **SUTLEJ TEXTILES AND INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year ended, in which are incorporated the financial statements for the year ended on that date audited by the branch auditor of the Company's unit at Kathua in the State of Jammu and Kashmir and Baddi in the State of Himachal Pradesh.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit .We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of Kathua and Baddi Units included in the financial statements of the Company whose financial statements reflect total assets of ₹1094.91 crores as at 31st March, 2017 and total revenues of ₹1612.71 crores for the year ended on that date, as considered in the financial statements. The

financial statements of the Kathua and Baddi units have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branches, is based solely on the report of branch auditor.

Our opinion is not modified in respect of this matter.

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 Companies Act,2013 we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us
   (c) The reports on the accounts of the Kathua and Baddi units of the Company audited under Section 143 (8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
   (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the financial statements received from the Kathua and Baddi units not visited by us.
   (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 as amended.
   (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (g) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 39 A and B to the financial statements
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
      iv. The Company has provided requisite disclosures in Note No. 45 to these Ind AS financial statements as to holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by company as produced to us and as per audit report received from branch auditors.

For **M/s SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner
Membership No. 088926

Place : Mumbai
Date : 18th May, 2017

Annexure A

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Sutlej Textiles and Industries Limited)

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. Fixed Assets have been physically verified by the management at reasonable interval except in Bhilad unit, where major fixed assets have been physically verified by the management during the year as per regular programme of verification. No material discrepancies were noticed on such verification

c. According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets, except few assets having aggregate gross value of ₹3 crores (WDV as on 31st March, 2017 ₹2.68 crores) for which registration is pending, are held in the name of the respective units.

(ii) As explained to us, inventories (except stock lying with third parties) were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(iii) The Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013. The terms and conditions of the grant of such loan is not prejudicial to the interest of the Company. The Company has stipulated schedule of repayment of principal and payment of interest and repayment of the principal amount and receipt of interest are regular. The Company has not granted any loan to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has complied with provisions of section 186 of the Companies Act, 2013 in respect of loan granted and Investments made .According to information and explanations given by the management, no loan or guarantee or security under section 185 and no guarantee and security under section 186 of the Companies Act,2013 have given during the year.

(v) The company has not received any deposit covered under section 76 of the Companies Act,2013 during the year. Therefore, provisions of clause 3(v) of the order are not applicable to the company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1)of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues deducted/accrued in the books, with the appropriate authorities. There was no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

b. According to the records of the Company, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax on account of any dispute, other than the followings:

Name of Statute	Nature of Dues	Amount (net of paid) (₹ in crores	Forum where Dispute is Pending	Related Period
The Central Excise Act, 1944	Disallowances & Penalty and interest on payment of service tax through Cenvat	0.36	Commissioner (Appeals), Jaipur	Oct., 05 to Mar., 06
The Central Excise Act, 1944	Demand & Penalty for Service Tax	0.03	Commissioner (Appeals), Jaipur	Dec.,05 to Oct.,06

Name of Statute	Nature of Dues	Amount (net of paid) (₹ in crores	Forum where Dispute is Pending	Related Period
The Central Excise Act, 1944	Penalty against non-reversal of Cenvat credit on exempted goods	0.09	Rajasthan High Court, Jaipur	May,99 to Feb.,2002
The Central Excise Act, 1944	Demand of rebate erroneously granted and paid by department	0.53	Central Excise & Service Tax Appellate Tribunal, New Delhi	2010-11
The Central Excise Act, 1944	Demand of rebate erroneously granted and paid by Department	1.28	Joint Secretary, Government of India, Ministry of finance, Department of Revenue New Delhi	2008-2012
The Central Excise Act, 1944	Excise duty on Clearance of Yarn at Single Stage	0.24	High Court of Jammu and Kashmir, Jammu	1995 – 1996
The Central Excise Act, 1944	Excise Duty on Clearance of Capital goods and Scrap Sales, interest and penalty thereon	0.08	CESTAT, New Delhi	2009-2012
The Central Excise Act, 1944	Demand of rebate erroneously granted and paid by Department	3.70	Joint Secretary, Government of India, Ministry of Finance, Department of Revenue, New Delhi	2014-15
Gujarat Tax on Entry of Specified Goods into Local Areas Act, 2001	Entry Tax, Penalty and Interest thereon	13.09	Commercial Tax Officer, Vapi	Apr., 06 to Mar., 17
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax on purchase of raw material	5.43	High Court of Himachal Pradesh	2010-11 to 2016-17
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax and Interest	0.41	Supreme Court, Delhi	Apr., 06 to Mar., 17

(viii) The Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding loan from any financial institution, Government and dues to debenture holders.

(ix) According to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the explanations given to us, term loans were applied for the purpose for which loans were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year .

(xi) According to the information and explanations given by the management, managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013 except commission ₹7.20 crores payable to Chairman and other directors for which approval from shareholders are being taken in ensuing Annual General Meeting.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has not made any preferential allotments or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the order are not applicable.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Therefore, the provisions of clause 3(xv) of the order are not applicable.

(xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3 (xvi) of the order are not applicable.

For **M/s SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner
Membership No 088926

Place : Mumbai
Date : 18th May, 2017

Annexure B

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 Sutlej Textiles and Industries Limited as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the companies Act, 2013, to the extent applicable to as 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 of and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over the financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner
Membership No 088926

Place : Mumbai
Date : 18th May, 2017

Balance Sheet as at 31 March 2017

(₹ in crores)

Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,127.48	820.79	642.26
Capital work-in-progress	3	11.38	55.94	44.32
Other intangible assets	4	0.55	0.50	0.57
Financial assets				
(i) Investments	5	28.32	25.98	22.49
(ii) Other non-current financial assets	6	4.88	5.80	4.39
Other non-current assets	7	4.31	32.14	16.18
Total non-current assets		**1,176.92**	**941.15**	**730.21**
Current assets				
Inventories	8	529.92	430.20	320.68
Financial assets				
(i) Trade receivables	9	242.09	210.90	192.55
(ii) Cash and cash equivalents	10	2.02	2.33	2.23
(iii) Bank balances other than (ii) above	11	1.03	0.86	0.66
(iv) Other current financial assets	12	7.21	5.96	2.60
Current tax assets (net)	13	0.02	0.02	0.02
Other current assets	14	85.70	83.82	93.10
Assets classified as held for sale	15	0.26	0.24	4.85
Total current assets		**868.25**	**734.33**	**616.69**
Total assets		**2,045.17**	**1,675.48**	**1,346.90**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	16.38	16.38	16.38
Other equity	17	799.59	666.95	544.34
Total equity		**815.97**	**683.33**	**560.72**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	18	513.04	426.80	338.72
(ii) Other financial liabilities	19	5.83	5.45	4.35
Long-term provisions	20	8.63	7.26	4.91
Deferred tax liabilities (net)	21	1.52	10.69	15.34
Other non-current liabilities	22	9.11	2.13	1.59
Total non-current liabilities		**538.13**	**452.33**	**364.91**
Current liabilities				
Financial liabilities				
(i) Borrowings	23	429.46	283.49	237.71
(ii) Trade payables	24	71.56	66.89	49.33
(iii) Other financial liabilities	25	152.12	150.06	109.56
Other current liabilities	26	19.59	17.50	10.97
Short-term provisions	27	16.35	21.01	11.46
Current tax liabilities (net)	28	1.99	0.87	2.24
Total Current liabilities		**691.07**	**539.82**	**421.27**
Total liabilities		**1,229.20**	**992.15**	**786.18**
Total equity and liabilities		**2,045.17**	**1,675.48**	**1,346.90**

Summary of significant accounting policies and other notes on accounts 1 & 2

The accompanying notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For **M/s. Singhi & Co.**
Chartered Accountants
Firm Regn. No. 302049E

B.K. Sipani
Partner
Membership No - 088926

Place : Mumbai
Dated : 18.05.2017

For and on behalf of the Board of Directors of Sutlej Textiles and Industries Limited

Rajiv K. Podar
Director

Bipeen Valame
Whole time Director & CFO

C. S. Nopany
Executive Chairman

D. R. Prabhu
Company Secretary & Compliance Officer

Statement of Profit and Loss for the year ended 31 March 2017

(₹ in crores)

Particulars	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
REVENUE			
Revenue from operations	29	2,249.62	2,074.03
Other income	30	37.32	33.73
Total income		**2,286.94**	**2,107.76**
EXPENSES			
Cost of materials consumed	31	1,183.71	1,059.60
Purchase of Stock in Trade		104.88	139.93
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(25.75)	4.06
Employee benefits expense	33	265.67	219.86
Finance costs	34	45.67	45.57
Depreciation and amortization expense	35	85.02	79.84
Other expenses	36	439.28	382.20
Total Expenses		**2,098.48**	**1,931.06**
Profit/(loss) before exceptional items and tax		**188.46**	**176.70**
Exceptional Items	37	-	3.88
Profit/(loss) before tax		**188.46**	**172.82**
Tax expense:	21		
Current tax		39.69	34.01
Deferred tax		(9.17)	(4.65)
Profit/ (loss) for the period (A)		**157.94**	**143.46**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		0.51	(1.74)
Tax relating to remeasurement of defined benefit plans		(0.18)	0.60
Total other comprehensive income for the period (B)		**0.33**	**(1.14)**
Total comprehensive income for the period (A + B)		**158.27**	**142.32**
Earnings per equity share	38		
Basic		96.41	87.57
Diluted		96.41	87.57
Summary of significant accounting policies and other notes on accounts	1 & 2		

The accompanying notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **M/s. Singhi & Co.**
Chartered Accountants
Firm Regn. No. 302049E

B.K. Sipani
Partner
Membership No - 088926

Place : Mumbai
Dated : 18.05.2017

For and on behalf of the Board of Directors of Sutlej Textiles and Industries Limited

Rajiv K. Podar
Director

Bipeen Valame
Whole time Director & CFO

C. S. Nopany
Executive Chairman

D. R. Prabhu
Company Secretary & Compliance Officer

Statement of Cash Flows for the year ended 31 March 2017

(₹ in crores)

Particulars		For the year ended 31 March 2017	For the year ended 31 March 2016
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	188.46	172.82
	Adjustment for :-		
	Depreciation and amortization expense	85.02	79.84
	Profit on sale/discard of property, plant and equipment (net)	(0.74)	(0.47)
	Finance cost	45.67	45.57
	Interest received	(14.21)	(16.54)
	Deferred Government Subsidies	(0.50)	(0.38)
	Net fair value gain on financial assets measured at fair value through profit or loss	(2.34)	(3.49)
	Provision for doubtful debts	-	0.19
	Fair value gains on derivatives	(1.95)	(1.52)
	Provision for doubtful claims written back	-	(0.19)
	Sundry credit balances written back (net)	(0.53)	(2.92)
	Operating Profit Before Working Capital Changes	**298.88**	**272.91**
	Movements in working capital :-		
	(Increase)/ Decrease in Inventories	(99.72)	(46.88)
	(Increase)/ Decrease in Trade receivables	(31.19)	0.73
	(Increase)/ Decrease in Other financial Assets	1.54	(0.28)
	(Increase)/ Decrease in Other Assets	(1.88)	17.73
	Increase/ (Decrease) in Trade payables	5.20	59.82
	Increase/ (Decrease) in Other financial liabilities	7.57	(3.06)
	Increase/ (Decrease) in provisions	(2.78)	3.38
	Increase/ (Decrease) in Other liabilities	2.09	5.15
	Cash Generated From Operations	**179.71**	**309.50**
	Less : Income Tax Paid (net of refunds)	(38.75)	(37.05)
	Net Cash From Operating Activities	**140.96**	**272.45**
B.	**Cash Flow from Investment Activities**		
	Movement in fixed deposit	(0.17)	(0.20)
	Interest received	14.20	16.44
	Purchases of Property, Plant and Equipments (including capital advance)	(322.54)	(159.41)
	Proceeds from sales of Property, plant & Equipments	2.29	2.02
	Amount paid for acquisition of Birla Textile Mills ('BTM') (Refer Note 47C)	-	(208.54)
	Grants / subsidy from Government (capital in nature)	7.48	0.92
	Net Cash Used In Investing Activities	**(298.74)**	**(348.77)**

Statement of Cash Flows for the year ended 31 March 2017 (contd.)

(₹ in crores)

Particulars		For the year ended 31 March 2017	For the year ended 31 March 2016
C.	**Cash Flow from Financing Activities**		
	Net proceeds/(Repayment) of Long Term Borrowings	83.92	105.03
	Net proceeds/(Repayment) of Short Term Borrowings	145.97	34.89
	Finance Costs (net of TUFS subsidy & interest capitalised)	(46.79)	(46.36)
	Dividend paid and tax on distributed profits	(25.63)	(19.71)
	Net Cash Used in Financing Activities	**157.47**	**73.85**
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(0.31)**	**(2.47)**
	Cash and Cash Equivalents at the beginning of the year*	2.33	2.23
	Cash and Cash equivalent received on acquisition of BTM	-	2.57
	Cash and Cash Equivalents at the end of the year*	2.02	2.33
		(0.31)	**(2.47)**

* Refer Note 10 for details.

The accompanying notes are an integral part of these financial statements

In terms of our Report of even date attached.

For **M/s. Singhi & Co.**
Chartered Accountants
Firm Regn. No. 302049E

B.K. Sipani
Partner
Membership No - 088926

Place : Mumbai
Dated : 18.05.2017

For and on behalf of the Board of Directors of Sutlej Textiles and Industries Limited

Rajiv K. Podar
Director

C. S. Nopany
Executive Chairman

Bipeen Valame
Whole time Director & CFO

D. R. Prabhu
Company Secretary & Compliance Officer

Statement of Changes in Equity for the year ended 31 March 2017

(₹ in crores)

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Amount	No. of Shares	Amount
(a) Equity share capital				
Balance at the beginning of the year	1,63,82,862	16.38	1,63,82,862	16.38
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	**1,63,82,862**	**16.38**	**1,63,82,862**	**16.38**

Particulars	Reserves and Surplus		Remeasurement of defined benefit plans	Total
	General reserve	Retained earnings		
(b) Other equity				
Balance at 1 April 2015	135.06	406.79	-	541.85
Impacts due to Ind AS Adjustments	-	2.49		2.49
Restated balance at the beginning of the reporting period	**135.06**	**409.28**	**-**	**544.34**
Profit for the year	-	143.46	-	143.46
Other comprehensive income/(loss) for the year	-		(1.14)	(1.14)
Total comprehensive income for the year	**-**	**143.46**	**(1.14)**	**142.32**
Transfer to general reserve	15.00	(15.00)	-	-
Dividend paid		(16.37)		(16.37)
Dividend distribution tax		(3.34)		(3.34)
Balance at 31 March 2016	**150.06**	**518.03**	**(1.14)**	**666.95**

Statement of Changes in Equity for the year ended 31 March 2017

(₹ in crores)

Particulars	Reserves and Surplus		Remeasurement of defined benefit plans	Total
	General reserve	Retained earnings		
(b) Other equity (contd.)				
Restated balance at the beginning of the reporting period	**150.06**	**518.03**	**(1.14)**	**666.95**
Profit for the year	-	157.94	-	157.94
Other comprehensive income for the year	-	-	0.33	0.33
Total comprehensive income for the year	**-**	**157.94**	**0.33**	**158.27**
Transfer to general reserve	16.00	(16.00)	-	-
Dividend paid	-	(21.29)	-	(21.29)
Dividend distribution tax	-	(4.34)	-	(4.34)
Balance at 31 March 2017	**166.06**	**634.34**	**(0.81)**	**799.59**

The accompanying notes are an integral part of these financial statements

In terms of our Report of even date attached.

For **M/s. Singhi & Co.**
Chartered Accountants
Firm Regn. No. 302049E

B.K. Sipani
Partner
Membership No - 088926

Place : Mumbai
Dated : 18.05.2017

For and on behalf of the Board of Directors of Sutlej Textiles and Industries Limited

Rajiv K. Podar
Director

Bipeen Valame
Whole time Director & CFO

C. S. Nopany
Executive Chairman

D. R. Prabhu
Company Secretary & Compliance Officer

Notes to the financial statements for the year ended 31 March 2017

1. Reporting Entity

Sutlej Textiles and Industries Limited referred to as "the Company" is domiciled in India. The Company's registered office is at Pachpahar Road, Bhawanimandi - 326502, Rajasthan. The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man-made Fibres blended yarn, Cotton Yarn and Home Textiles. It has three spinning units viz. Rajasthan Textile Mills, Bhawanimandi (Raj), Chenab Textile Mills, Kathua (J & K) and Birla Textile Mills, Baddi (H.P.) (effective control w.e.f. 30th September, 2015), Home Textiles and Fabric Processing Division at Damanganga Fabrics at Village Daheli, near Bhilad (Gujarat).

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements

2.1 Basis of preparation

The financial statements of Sutlej Textiles and Industries Limited ("the Company") comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India.

The financial statement up to year ended 31st March, 2016 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014.

The financial statements for the year ended 31st March, 2017 are the first financial statements of the Company prepared under Ind AS. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e 1st April 2015. Some of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its policies applied under Indian GAAP as at 31st March, 2015 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arose from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2015 as required by Ind-AS 101.An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note.

These financial statements were authorised for issue by the Board of Directors on their meeting held on 18th May 2017.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except in case of interest on overdue debts from customers, certain additional incentives on procurement of raw materials which are accounted for on receipt basis on account of uncertainties and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, 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 take into account the characteristics of the asset or liability if market participants would take those characteristics

Notes to the financial statements (contd.)

into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in Inventories or value in use in Impairment of Assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

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

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- **Level 2** inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest crores, unless otherwise indicated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of fixed assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows

2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and 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.

An liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- 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.

Deferred tax liabilities are classified as non-current liabilities.

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

2.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. As per the assessment made by the management, fixed assets (other than building and captive power plant) does not comprises any significant components with different useful life.

Any gain on disposal of property, plant and equipment is recognised in Statement of Profit and Loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation on fixed assets is calculated on Straight Line Method using the rates arrived at based on the

Notes to the financial statements (contd.)

estimated useful lives given in Schedule II of the Companies Act, 2013 or re-assessed by the Company on technically assessed, as given below.

Assets	Useful lives as per technical certificate
Non Factory Buildings	58 years
Plant & Machinery (Single Shift basis)	18 years & 4 months / 20 years
Furniture and fixture	5-10 years

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below ₹5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

Capital work-in-progress

Capital work-in-progress assets in the course of construction for production or/and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.7 Intangible assets

Intangible Assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software and designing rights is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or 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 are recognised in the statement of profit and loss when the asset is derecognised.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or 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 are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired, impairment loss is recognised in the statement of profit & loss.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.9 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.11 Foreign currency transactions

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

Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Notes to the financial statements (contd.)

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measures at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.12 Employee benefits

a. Short term employee benefits

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

b. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

a) Provident fund

b) Superannuation scheme

c. Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

d. Other long-term employee benefits

The company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

2.13 Revenue Recognition

a. The Company recognises revenue from sale of goods when the titles have been passed at which time all the

following conditions are satisfied:

i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii) the amount of revenue can be measured reliably;

iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc..

Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight and forwarding expenses when the Company is acting as principal in the shipping and handling arrangement.

Sales include excise duty and are net of Sales Tax and other applicable taxes.

b. Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Claim on insurance companies, railway authorities and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

c. Revenue from process of fabrics are recognised on delivery of the goods to customers/when the goods are ready for delivery. When goods are partly processed, the expenses so incurred is shown as work- in- progress.

d. Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

2.14 Government Grants and Subsidies

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

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

2.15 Inventories

Inventories are valued as follows:

Notes to the financial statements (contd.)

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress, finished goods and traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty, wherever applicable.
Waste	At net realisable value.

i. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

ii. Provision for obsolete/ old inventories is made, wherever required.

iii. In view of substantially large number of items in work-in-progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every month/ quarter and valuation is made on the basis of such physical verification.

iv. Excise Duty on Job Work
Excise duty is paid on clearance of processed fabrics. No provision for excise duty is made in the accounts for fabrics processed (for work done on job basis for outside parties) and lying in factory premises at the end of the year as the same is recoverable from the parties.

2.16 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 18 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition.

2.17 Provisions and contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

2.18 Measurement of fair value

a. Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. **Marketable and non-marketable equity securities**

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

c. **Derivatives**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss. .

2.19 **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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

a. **Financial Assets**

Initial recognition and measurement

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

Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

Debt instruments at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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 as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at fair value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Notes to the financial statements (contd.)

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

b. **Equity Instruments**

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- 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 recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of

the trade receivables.

c. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the E[R method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

2.20 **Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. **Deferred tax**

Notes to the financial statements (contd.)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.21 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as

lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the company. Refer note 40 for segment information presented.

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.24 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.25 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

2.26 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment

Notes to the financial statements (contd.)

Rules, 2017 and has amended the following standards:

Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non- cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017.

Application of these amendments will not have any recognition and measurement impact. However, it will require additional disclosures in the financial statements.

Amendments to Ind AS 102, Share based Payment

The MCA has issued amendments to IND AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash settled share-based payment transaction, the classification of a share based payment transaction with net settlement features for withholding tax obligation, and accounting where a modification to the terms and conditions of a share based payments transactions changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Company is assessing the potential effect of the amendments on its financial statements.

Notes to the financial statements (contd.)

3. Property, plant and equipment

(₹ in crores)

Particulars	Gross Block					Depreciation				Net Block	
	As at 1 April 2015	Acquisition*	Additions**	Deletions	As at 31 March 2016	As at 1 April 2015	For the Year	Deletions	As at 31 March 2016	As at 1 April 2015	As at 31 March 2016
Tangible Assets											
Freehold land	5.11	17.56	-		22.67	-	-	-	-	5.11	22.67
Building	219.51	36.55	58.95	-	315.01	-	7.73	-	7.73	219.51	307.28
Plant and equipment	403.14	57.26	80.00	0.63	539.77	-	68.88	0.04	68.84	403.14	470.93
Vehicles	5.68	0.52	1.40	0.17	7.43	-	1.18	0.01	1.17	5.68	6.26
Furniture and fixtures	2.58	0.34	4.69	0.16	7.45	-	0.97	0.02	0.95	2.58	6.50
Office equipments	2.30	0.14	1.86	0.15	4.15	-	0.88	0.03	0.85	2.30	3.30
Assets under Finance Lease											
Leasehold land	3.94	0.08	-	0.12	3.90	-	0.05	-	0.05	3.94	3.85
Total	**642.26**	**112.45**	**146.90**	**1.23**	**900.38**	**-**	**79.69**	**0.10**	**79.59**	**642.26**	**820.79**
Capital work-in-progress	44.32	2.44	9.18		55.94	-	-	-	-	44.32	55.94
Total	**686.58**	**114.89**	**156.08**	**1.23**	**956.32**	**-**	**79.69**	**0.10**	**79.59**	**686.58**	**876.73**

3. Property, plant and equipment (contd.)

(₹ in crores)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	For the Year	Deletions	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017
Tangible Assets										
Freehold land	22.67	13.58	0.01	36.24	-	-		-	22.67	36.24
Building	315.01	116.35	0.04	431.32	7.73	9.43	-	17.16	307.28	414.16
Plant and equipment	539.77	258.44	1.26	796.95	68.84	71.33	0.09	140.08	470.93	656.87
Vehicles	7.43	0.99	0.26	8.16	1.17	1.27	0.05	2.39	6.26	5.77
Furniture and fixtures	7.45	1.84	0.02	9.27	0.95	1.50	-	2.45	6.50	6.82
Office equipments	4.15	1.91	0.12	5.94	0.85	1.29	0.02	2.12	3.30	3.82
Assets under Finance Lease								-		
Leasehold land	3.90			3.90	0.05	0.05		0.10	3.85	3.80
Total	**900.38**	**393.11**	**1.71**	**1,291.78**	**79.59**	**84.87**	**0.16**	**164.30**	**820.79**	**1,127.48**
Capital work-in-progress	55.94	(44.56)		11.38					55.94	11.38
Total	**956.32**	**348.55**	**1.71**	**1,303.16**	**79.59**	**84.87**	**0.16**	**164.30**	**876.73**	**1,138.86**

1. In case of Kathua leasehold land having carrying value as at 31/03/17, 31/03/16 and 01/04/15 are ₹2.61 crores, ₹2.64 crores and ₹2.67 crores respectively (Original cost ₹2.92 crores, ₹2.92 crores and ₹3.06 crores respectively) and in case of Baddi unit freehold land having carrying value as at 31/03/17and 31/03/16 ₹0.08 crores and ₹0.08 crores (Original cost ₹0.08 crores and ₹0.08 crores respectively) are pending for registration in the name of the units.
2. Fixed assets includes share of the company in a Holiday Home at Haridwar jointly owned with other bodies corporates.
3. Borrowing cost capitalized refer note 42.
4. There are no future minimum lease payments outstanding with respect to assets under finance lease. Further, there are no contingent rents recognized as an expense during year ended 31 March 2017 and 31 March 2016.
5. Property, Plant and Equipment given as security for borrowings refer note 18(a).

* The Company on 30 September 2015 had acquired Birla Textile Mills (BTM), a textile unit from Chambal Fertilizers and Chemicals Limited along with all rights, title and interest relating thereto as a going concern on a slump sale basis for a fixed consideration of ₹ 232.63 crores under the business transfer agreement (Refer Note 47).

** Includes amount transfer from asset held for sale Nil (31 March 2016 - ₹0.50 crores) reinstalled for use.

Notes to the financial statements (contd.)

4. Other Intangible Assets

(₹ in crores)

Particulars	Gross Block					Depreciation				Net Block	
	As at 1 April 2015	Acquisition*	Additions	Deletions	As at 31 March 2016	As at 1 April 2015	For the Year	Deletions	As at 31 March 2016	As at 1 April 2015	As at 31 March 2016
Intangible Assets											
Software IT (ERP)	0.57	0.04	0.04	-	0.65	-	0.15	-	0.15	0.57	0.50
Total	**0.57**	**0.04**	**0.04**	**-**	**0.65**	**-**	**0.15**	**-**	**0.15**	**0.57**	**0.50**

Particulars	Gross Block					Depreciation				Net Block	
	As at 31 March 2016	Acquisition	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	For the Year	Deletions	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017
Intangible Assets											
Software IT (ERP)	0.65	-	0.23	0.03	0.85	0.15	0.15	-	0.30	0.50	0.55
Total	**0.65**	**-**	**0.23**	**0.03**	**0.85**	**0.15**	**0.15**	**-**	**0.30**	**0.50**	**0.55**

* The Company on 30 September 2015 had acquired Birla Textile Mills (BTM), a textile unit from Chambal Fertilizers and Chemicals Limited along with all rights, title and interest relating thereto as a going concern on a slump sale basis for a fixed consideration of ₹ 232.63 crores under the business transfer agreement (Refer Note 47).

A. Additional disclosure as per previous GAAP

Property, plant and equipment

(₹ in crores)

Particulars	As at 1- April -2015			As at 31 March 2016			As at 31 March 2017		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible Assets									
Freehold land	5.11		5.11	22.68	0.01	22.67	36.25	0.01	36.24
Building	275.29	55.78	219.51	370.77	63.49	307.28	487.03	72.87	414.16
Plant and equipment	1,026.49	623.35	403.14	1,158.13	687.20	470.93	1,404.47	747.60	656.87
Vehicles	9.77	4.09	5.68	11.03	4.77	6.26	11.25	5.48	5.77
Furniture and fixtures	11.01	8.43	2.58	15.46	8.96	6.50	17.14	10.32	6.82
Office equipments	10.73	8.43	2.30	11.28	7.98	3.30	12.62	8.80	3.82
Assets under Finance Lease									
Leasehold land	4.51	0.57	3.94	4.46	0.61	3.85	4.46	0.66	3.80
Total	**1,342.91**	**700.65**	**642.26**	**1,593.81**	**773.02**	**820.79**	**1,973.22**	**845.74**	**1,127.48**
Capital work-in-progress	44.32		44.32	55.94		55.94	11.38		11.38
Total	**1,387.23**	**700.65**	**686.58**	**1,649.75**	**773.02**	**876.73**	**1,984.60**	**845.74**	**1,138.86**

Intangible Assets

(₹ in crores)

Particulars	As at 1- April -2015			As at 31 March 2016			As at 31 March 2017		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible Assets									
Software IT (ERP)	6.05	5.48	0.57	6.09	5.59	0.50	5.71	5.16	0.55
Total	**6.05**	**5.48**	**0.57**	**6.09**	**5.59**	**0.50**	**5.71**	**5.16**	**0.55**

B. Additions/ Capital work-in-progress includes Pre-operative expenses and Trial run expenses incurred during construction period related to expansion projects are as under :

(₹ in crores)

Particulars	As at 31 March 2017		As at 31 March 2016	
Pre-operative expenses other than trial run				
Salaries , Wages and Bonus		2.06		0.40
Contribution to Provident and other funds		0.09		0.01
Consumption of stores & spares		0.15		0.11
Power, Fuel & Water Charges		1.54		0.25
Insurance		0.17		0.15
Miscellaneous Expenses		6.27		0.46
Interest Expenses		14.51		1.66
Other Borrowing cost		0.37		0.24
Trial Run Expenses				
Salaries, Wages and Bonus		4.96		-
Contribution to Provident and other funds		0.54		-
Cost of materials consumed		50.76		-
Consumption of stores & spares		1.42		-
Power, Fuel & Water Charges		9.15		-
Freight & Forwarding Expenses		0.90		-
Selling commission and brokerage		0.14		-
Miscellaneous Expenses		0.15		-
Interest Expenses		-		-
		93.18		**3.28**
Less :				
Yarn Sales	46.16			-
Waste Sales	2.64	48.80		-
Inventories as at March 14 ,2017				
Work-in-progress	5.76			-
Finished goods (including waste ₹0.41 crores)	13.44	19.20		-
		25.18		**3.28**
Less : Allocated to Fixed Assets during the Year		**25.18**		**-**
Balance carried forward pending for allocation		**-**		**3.28**

Notes to the financial statements (contd.)

5. Investments

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
A. Investment in equity instruments (fully paid-up)			
Unquoted			
In equity shares of Co-operative Bank:			
The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi (₹5 thousand as at 31.3.17/31.3.16/01.4.15)			
B. Investment in preference shares (fully paid up)			
Unquoted			
5,00,00,000 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s The Oudh Sugar Mills Limited #	-	25.98	22.49
4,87,00,000 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited #	27.58	-	-
13,00,000 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited #	0.74	-	-
	28.32	**25.98**	**22.49**
Aggregate amount of unquoted investment	**28.32**	**25.98**	**22.49**
Aggregate value of impairment	-	-	-

Pursuant to the Composite Scheme of arrangement approved by the National Company Law Tribunal, Allahabad Bench, 5 crores 8.50% NCRPS having face value of INR 10/- each, issued by The Oudh Sugar Mills Limited (The Oudh) has rescinded and extinguished; and in lieu thereof; M/s Avadh Sugar & Energy Limited, [the successors in interest of The Oudh], has allotted 4.87 crores 8.50% NCRPS having face value of ₹10/-each, and M/s Palash Securities Limited [the successors in interest of The Oudh] has allotted 0.13 crores 8.5% NCRPS having face value of ₹10 each on 30th March, 2017.

6. Other non-current financial assets

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Security deposits	4.88	5.80	4.39
	4.88	**5.80**	**4.39**

7. Other non-current assets

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Capital advances	4.04	31.71	11.08
Advance given for the purchase of business	-	-	5.00
Prepayments	0.27	0.43	0.10
	4.31	**32.14**	**16.18**

8. Inventories

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Raw materials	235.36	182.46	112.80
Work-in-progress	72.41	59.65	60.79
Finished goods	191.83	160.09	124.39
Traded goods	1.89	2.15	0.11
Stores and spare-parts, etc.	26.27	24.40	20.38
Waste	2.16	1.45	2.21
	529.92	**430.20**	**320.68**
Goods in transit included in above inventories are as under:			
Raw materials	25.54	14.63	7.69
Stores and spare-parts, etc.	0.62	0.66	0.74
(Valued at lower of cost or net realisable value except waste at net realisable value)			

(a) Inventories are hypothecated to secured short term borrowings (Refer note 23)

(b) Write down of inventories (net of reversal) to net realisable value related to raw materials, work-in-progress and finished goods amounted to ₹5.51 crores (31st March 2016 ₹5.58 crores). These were recognised as expense during the year and included in 'Cost of materials consumed' and 'Changes in inventories of finished goods, stock-in-trade and work-in-progress' in statement of profit and loss.

9. Trade receivables

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Unsecured			
Considered good	242.09	210.90	192.55
Considered doubtful	1.68	1.68	1.62
Less: Provision for doubtful balances	(1.68)	(1.68)	(1.62)
	242.09	**210.90**	**192.55**

(a) Trade Receivables are hypothecated to secured short term borrowings (Refer note 23)

(b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

10. Cash and cash equivalents

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Balance with banks:			
- In current accounts	1.71	1.85	1.81
- In Cash credit accounts (debit balance)	0.01	0.02	0.02
Cash on hand	0.30	0.46	0.40
	2.02	**2.33**	**2.23**

Notes to the financial statements (contd.)

11. Other bank balances

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Earmarked balances with banks:			
Unpaid dividend account	1.03	0.86	0.66
	1.03	**0.86**	**0.66**

12. Other current financial assets

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Advances recoverable in cash or in kind	3.40	4.75	1.76
Derivative assets	2.77	0.91	0.55
Security deposits	0.85	0.12	0.21
Interest accrued on deposits	0.19	0.18	0.08
	7.21	**5.96**	**2.60**

13. Current tax assets (net)

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Income tax refund receivable	0.02	0.02	0.02
	0.02	**0.02**	**0.02**

14. Other current assets

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Balances with Excise and Custom Department	29.59	26.63	21.75
Less: Provision for non-usable Cenvat credit	(1.20)	(1.20)	(1.08)
	28.39	25.43	20.67
Export Benefits/ Claims Receivable	26.21	17.17	34.07
Less: Provision for Doubtful	(0.16)	(0.16)	(0.41)
	26.05	17.01	33.66
Others	0.42	0.42	0.42
Less: Provision for Doubtful	(0.42)	(0.42)	(0.42)
	-	-	-
Prepayments	1.92	2.14	1.06
Government subsidies receivable	22.04	27.26	23.16
Advances recoverable in cash or in kind	7.30	11.98	14.55
	85.70	**83.82**	**93.10**

15. Assets classified as held for sale

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Plant and equipment	0.26	0.24	4.85
	0.26	**0.24**	**4.85**

The Company is in the process of searching buyers for sale of above assets.

16. Equity share capital

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Authorised:			
5,00,00,000 (As at 31 March 2016 and 1 April 2015 - 5,00,00,000) equity shares of ₹10/- each	50.00	50.00	50.00
Issued, subscribed & fully paid up:			
1,63,82,862 (As at 31 March 2016 and 1 April 2015 - 1,63,82,862) equity Shares of ₹10/- each	16.38	16.38	16.38
	16.38	**16.38**	**16.38**

a. Terms and rights attached to equity shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

b. Reconciliation of number of shares outstanding at the beginning and end of the year :

(₹ in crores)

	Number of Shares	Amount
Outstanding at the 1 April 2015	1,63,82,862	16.38
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2016	1,63,82,862	16.38
Equity Shares issued during the year in consideration for cash		
Outstanding at the 31 March 2017	**1,63,82,862**	**16.38**

Notes to the financial statements (contd.)

c. Shareholders holding more than 5% shares in the company (₹ in crores)

	As at 31 March 2017		As at 31 March, 2016		As at 1st April 2015	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
Uttar Pradesh Trading Co. Ltd.	30,41,697	18.57%	30,41,697	18.57%	30,41,697	18.57%
Hargaon Investment & Trading Co. Ltd.	17,11,396	10.45%	17,11,396	10.45%	17,11,396	10.45%
New India Retailing and Investment Ltd.	17,06,304	10.42%	17,06,304	10.42%	17,06,304	10.42%
Yashovardhan Investment and Trading Co. Ltd.	14,86,836	9.08%	14,86,836	9.08%	14,86,836	9.08%
Birla Institute of Technology and Science	11,28,658	6.89%	11,28,658	6.89%	11,28,658	6.89%
Earthstone Holding (Two) Private Limited	9,80,369	5.98%	9,80,369	5.98%	9,80,369	5.98%
Ranson Traders Ltd.	9,72,373	5.94%	9,72,373	5.94%	9,72,373	5.94%

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting period

54,60,954 (As at 31 March 2016 and 1 April 2015 - 54,60,954) equity shares of ₹5.46 crores fully paid up have been allotted as bonus shares on 1 July 2013.

17. Other equity

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
a. General reserve		
Balance at the beginning of the year	150.06	135.06
Add: Transfer from retained earnings	16.00	15.00
Balance at the end of the year	**166.06**	**150.06**
b. Retained earnings		
Balance at the beginning of the year	518.03	409.28
Profit for the year	157.94	143.46
Less: Dividend on equity shares	(25.63)	(19.71)
Less: transfer to general reserve	(16.00)	(15.00)
	634.34	**518.03**
c. Remeasurement of defined benefit plans		
Balance at the beginning of the year	(1.14)	-
Addition during the year	0.33	(1.14)
Balance at the end of the year	**(0.81)**	**(1.14)**
Grand Total	**799.59**	**666.95**

Nature and purpose of other reserves/ other equity

General reserve

The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Act.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend

The following dividends were declared and paid by the Company for the year. (₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Final dividend for the year ended 31 March 2016 ₹13 per share (31 March 2015: ₹10 per share)	21.29	16.37
Dividend Distribution tax on final dividend	4.34	3.34
	25.63	**19.71**

After the reporting date, the following dividends were proposed by the board of directors. Under Ind AS such dividends are recognised as liabilities when it approved by the shareholders in annual general meeting:

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016
Proposed dividend for the year ended 31 March 2017 ₹13 per share (31 March 2016: ₹13 per share)	21.29	21.29
Dividend Distribution tax on final dividend	4.34	4.34
	25.63	**25.63**

18. Borrowings

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Term loans (Secured)			
- From banks	513.04	426.80	338.72
	513.04	**426.80**	**338.72**

a. Securities

Term loans are secured/to be secured by first equitable mortgage ranking pari - passu over the Company's Immovable Properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/ to be created in favour of bankers on moveable's including book debts for securing working capital borrowings.

Notes to the financial statements (contd.)

b. Term of repayment and interest are as follows :

For Current year

Total Amount (₹ in crores)	Rate of Interest	Repayments	
		No of installments	Periodicity
325.48	8.20% to 9.75% linked with MCLR/BR	3-28	Quarterly Equal
28.23	8.45% linked with MCLR	2-14	Quarterly Graded
159.33	9.65% linked with Base Rate	31	Quarterly Equal
513.04			

For Previous year

Total Amount (₹ in crores)	Rate of Interest	Repayments	
		No of installments	Periodicity
314.17	9.40% to 10.15% linked with Base Rate	1-29	Quarterly Equal
52.08	9.95% to 10.10% linked with Base Rate	1-19	Quarterly Graded
60.55	9.50% to 10.10% linked with Base Rate	32	Quarterly Equal
426.80			

19. Other non-current financial liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Trade deposits	5.75	5.41	4.31
Employee security deposits	0.08	0.04	0.04
	5.83	**5.45**	**4.35**

20. Long-term provisions

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Provision for employee benefits	8.63	7.26	4.91
	8.63	**7.26**	**4.91**

21. Deferred tax liabilities (net)

A. Movement in deferred tax balances

(₹ in crores)

	As at 31 March 2016	Recognized in P&L	Recognized in OCI	As at 31 March 2017
Deferred Tax Assets				
MAT Credit Entitlement @ /#	39.05	23.04	-	62.09
Accrued expenses allowable on payment basis	10.08	1.79		11.87
Others	9.12	(0.35)	-	8.77
Sub-Total (a)	**58.25**	**24.48**	**-**	**82.73**
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	68.94	15.31	-	84.25
Sub-Total (b)	**68.94**	**15.31**	**-**	**84.25**
Net Deferred Tax Liability (b)-(a)	**10.69**	**(9.17)**	**-**	**1.52**

(₹ in crores)

	As at 1 April 2015	Recognized in P&L	Recognized in OCI	Impact of business combination	As at 31 March 2016
Deferred Tax Assets					
MAT Credit Entitlement @ /#	20.99	18.06	-	-	39.05
Accrued expenses allowable on payment basis	9.38	0.70	-	-	10.08
Others	10.89	(1.77)	-	-	9.12
Sub- Total (a)	**41.26**	**16.99**	**-**	**-**	**58.25**
Deferred Tax Liabilities					
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortization for financial reporting	56.60	12.34	-	-	68.94
Others					
Sub-Total (b)	**56.60**	**12.34**	**-**	**-**	**68.94**
Net Deferred Tax Liability (b)-(a)	**15.34**	**(4.65)**	**-**	**-**	**10.69**

@ Represents that portion of MAT liability, which can be recovered and set off in subsequent years as per provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in future, which will enable the Company to utilize MAT credit entitlements.

During the year CIT (Appeals) has decided in favor of the Company in respect of claims filed for considering certain subsidies received in earlier years as capital subsidies, and has reassessed tax liability and allowed carried forward of revised MAT entitlements of ₹15.16 crores relating to those years (Previous year ₹26.61 crores) , which has been accounted for during the year. In respect of similar matters, where appeals/ assessments are pending for disposal, adjustments in account shall be made as and when matters shall be settled in favor of the company.

B. Amounts recognised in profit or loss

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current tax expense		
Current year	39.69	34.01
	39.69	**34.01**
Deferred tax expense		
Origination and reversal of temporary differences	(9.17)	(4.65)
	(9.17)	**(4.65)**
Total Tax Expense	**30.52**	**29.36**

C. Amounts recognised in Other Comprehensive Income

(₹ in crores)

	For the year ended 31 March 2017			For the year ended 31 March, 2016		
	Before tax	Tax (Expense)/ Income	Net of tax	Before tax	Tax (Expense)/ Income	Net of tax
Remeasurements of defined benefit liability	0.51	(0.18)	0.33	(1.74)	0.60	(1.14)
	0.51	**(0.18)**	**0.33**	**(1.74)**	**0.60**	**(1.14)**

Notes to the financial statements (contd.)

D. Reconciliation of effective tax rate

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March, 2016
	Amount	Amount
Profit before tax from continuing operations	188.46	172.82
Tax using the Company's domestic tax rate @ 34.61% (31 March 2016: 34.61%)	65.22	59.81
Tax effect of:		
Non-deductible expenses	2.69	1.00
Tax-exempt income	(0.01)	(0.33)
Tax incentives	(18.76)	(9.01)
MAT credit entitlement related to earlier years	(15.16)	(27.80)
Others	(3.46)	5.69
Income tax expenses reported in the statement of profit and loss [Effective tax rate of 16.19% (31 March 2016: 16.99%]	**30.52**	**29.36**

22. Other non-current liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Deferred government subsidies (Refer Note 39B (b))			
- Capital subsidy sanctioned by The Jammu & Kashmir State Government on specific fixed assets	-	-	0.01
- Capital subsidy sanctioned by Ministry of Textiles under TUFS on specific fixed assets	9.11	2.13	1.58
	9.11	**2.13**	**1.59**

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
As at 1 April	2.13	1.59
Received during the year	7.48	0.92
Released to statement of profit and loss	(0.50)	(0.38)
As at 31 March	**9.11**	**2.13**

23. Short term borrowings

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Loan repayable on demand (Secured)*			
- From banks	333.73	245.30	181.96
Bills discounted (Secured)**	16.67	38.19	55.75
Commercial papers (Unsecured)	79.06	-	-
	429.46	**283.49**	**237.71**

* Working Capital Facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the unit, ranking pari-passu inter se.

**Bills discounted are secured against the book debts which have been discounted

24. Trade Payables *

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Trade payables (including acceptances)	71.56	66.89	49.33
Total	**71.56**	**66.89**	**49.33**

* The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME Act, 2006 can not be made. However, the company generally makes payment to its suppliers within agreed credit period and thus the management is confident that the liability of interest under this Act, if any, would not be material.

25. Other financial liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Current maturities of long-term debt	90.61	93.45	76.60
Unpaid dividend	1.03	0.86	0.66
Derivative liabilities	-	0.10	1.25
Interest accrued and due on borrowings	3.11	3.87	4.48
Creditors for capital goods	14.13	15.56	2.23
Employees liabilities	38.23	33.26	21.82
Security deposits	3.90	1.76	0.72
Director's commission	0.23	0.29	0.78
Others	0.88	0.91	1.02
	152.12	**150.06**	**109.56**

26. Other current liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Credit balance and advances received from customers	11.03	9.22	4.02
Advance against sale of fixed assets	-	-	2.00
Statutory dues	8.56	8.20	4.32
Others	-	0.08	0.63
	19.59	**17.50**	**10.97**

27. Short-term provisions

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Employee Benefits	3.54	2.99	2.02
Others - Contingencies	12.81	18.02	9.44
	16.35	**21.01**	**11.46**

Others - Contingencies

Provision for disputed statutory matters have been made, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

(₹ in crores)

	31 March 2017	31 March 2016
Opening Balance	18.02	9.44
Addition (Previous year includes ₹4.80 crores on acquisition of Birla Textile Mills)	0.92	12.07
Reversal/Paid	(6.13)	(3.49)
Closing Balance	**12.81**	**18.02**

Notes to the financial statements (contd.)

28. Current tax liabilities

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Provision for Income Tax (Net of advance tax of ₹38.37 crores ([as at 31 March 2016 ₹34.99 crores and 1 April 2015 ₹92.52 crores])	1.99	0.87	2.24
	1.99	**0.87**	**2.24**

29. Revenue from operations @

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products (including excise duty)		
Manufactured goods	2,065.94	1,857.86
Traded goods	106.32	146.50
Total (i)	**2,172.26**	**2,004.36**
Sale of services		
Job Processing	21.18	23.90
Others	8.09	4.09
Total (ii)	**29.27**	**27.99**
Total [(iii) = (i) + (ii)]	**2,201.53**	**2,032.35**
Other operating revenue		
Export incentives	48.09	41.68
Total (iv)	**48.09**	**41.68**
Revenue from operations [(iii) + (iv)]	**2,249.62**	**2,074.03**

@ Net of amount transferred to trial run expenses refer Note No. 4 (B).

30. Other Income

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.06
- from inter-corporate deposits	4.58	4.71
- from others @	9.58	11.77
Dividend income from investments measured at fair value through profit or loss (₹ 11 hundred (31 March 2016 ₹11 hundred))		
Net fair value gain on financial assets measured at fair value through profit or loss	2.34	3.49
Fair value gains on derivatives	1.95	1.52
Profit on sale/discard of property, plant and equipment (net)	0.74	0.47
Miscellaneous income #	4.46	5.49
Excess provisions and unspent liabilities written back	1.86	1.73
Net Gain on Foreign Currency transactions and translation	7.64	0.52
Provision for doubtful debts/claims written back		0.19
(₹ 36 thousand and One hundred ninety eight)		
Sundry credit balances written back (net)	0.53	2.92
Insurance claims	3.09	0.48
Deferred Government Subsidies	0.50	0.38
	37.32	**33.73**

@ Includes ₹0.03 crores (Previous Year ₹0.66 crores) on account of Interest subsidy under Rajasthan Investment Promotion Scheme ('RIPS') and Nil (Previous Year ₹0.05 crores) being 3% Central interest subsidy received on working capital loans

Include Nil (Previous Year ₹0.12 crores) being Insurance Subsidy received under Central Government Scheme.

31. Cost of materials consumed @

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw material Consumed	1,095.70	975.64
Consumption of Dyes & Chemical	88.01	83.96
	1,183.71	**1,059.60**

@ Net of amount transferred to trial run expenses refer Note No. 4 (B).

32. Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Closing Inventory		
Work-in-Progress	72.41	59.65
Finished Goods	191.83	160.09
Traded Goods	1.89	2.15
Waste	2.16	1.45
Total (A)	**268.29**	**223.34**
Opening Inventory		
Work-in-Progress	59.65	60.79
Finished Goods	160.09	124.39
Traded Goods	2.15	0.11
Waste	1.45	2.21
Total (B)	**223.34**	**187.50**

Add:

Inventories transferred from trial run production on 14th March 2017 (Previous year includes inventories acquired from BTM on 30th September 2015)

Work-in-Progress	5.76	8.36
Finished Goods	13.03	31.26
Waste	0.41	0.28
Total (C)	**19.20**	**39.90**
Total (B-A+C)	**(25.75)**	**4.06**

33. Employee benefits expense

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and wages	232.77	192.04
Contribution to provident and other funds	27.69	23.75
Staff welfare expenses	5.21	4.07
	265.67	**219.86**

Net of Amount Capitalised refer note no 4(B)

Notes to the financial statements (contd.)

34. Finance cost @

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expenses #	43.45	44.03
Loss on Foreign Currency transactions and translation (considered as finance costs)	1.39	0.93
Other borrowing costs	0.83	0.61
	45.67	**45.57**

@ Net of amount capitalised refer note no 42

Net of interest subsidies under TUF (Technology Upgradation Fund) Scheme amount to ₹8.92 crores (previous year ₹13.90 crores)

35. Depreciation and amotisation expense

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation on tangible assets	84.87	79.69
Amortisation on intangible assets	0.15	0.15
	85.02	**79.84**

36. Other expenses @

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Processing and job charges	10.24	7.24
Consumption of stores and spares	40.50	35.29
Consumption of packing materials	29.59	28.79
Power, fuel and water charges	206.69	176.49
Rent	0.99	1.60
Insurance	6.67	6.26
Rates and taxes	0.45	0.31
Repairs and maintenance:		
Buildings	7.12	5.75
Plant and machinery	26.12	21.58
Others	2.31	1.59
Freight and forwarding expenses, etc .	51.49	47.54
Selling commission and brokerage	19.00	18.06
Auditors Remuneration #	0.73	0.64
Charity and donation ##	0.50	2.27
Bad Debts/ Claims (net of provision for doubtful debts amounting to ₹Nil (Previous year ₹0.20 crores)	-	-
Provision for Doubtful Debts		0.19
Directors' commission and fees	0.70	0.79
Miscellaneous expenses ^	35.85	27.37
Excise Duty	0.33	0.44
	439.28	**382.20**

36. Other expenses @ (contd.)

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
#Details of Auditors remuneration		
As auditor:		
Statutory audit fee	0.18	0.17
Tax audit fees	0.05	0.04
For limited review	0.05	0.03
In other capacities		
Certification fees and other matters	0.05	0.02
Re-imbursement of expenses	0.04	0.03
Branch Auditors		
Audit Fees	0.31	0.33
Re-imbursement of expenses	0.03	0.01
Cost Auditors		
Audit Fees	0.02	0.01
Certification fees and other matters (Previous year ₹Seven thousands)	-	
Re-imbursement of expenses (₹ Twenty Eight thosands Three hundred and five only)		
	0.73	**0.64**
@ Net of amount capitalized refer Note No. 4 (B).		
## Includes ₹0.50 crores given to Samaj Electoral Trust Association. (Previous year ₹1 crores)		
^Amount includes Corporate social responsibility expenses:		
Construction/Acquisition of any Asset	0.81	0.08
On purpose other than above	5.52	0.11
Total	**6.33**	**0.19**

37. Exceptional items

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Urban Cess levied on Electricity purchased during April, 2010 to March, 2015	-	3.88
	-	**3.88**

38. Earning per share (EPS)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Total profit for the year (₹ in crores)	157.94	143.46
Weighted average number of equity shares of ₹10/- each	1,63,82,862	1,63,82,862
EPS - Basic and Diluted (per share in ₹)	**96.41**	**87.57**

Notes to the financial statements (contd.)

39. Contingent liabilities, contingent assets and commitments

(₹ in crores)

		As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
A.	**Contingent liabilities (not provided for) in respect of:**			
1	Claim against the Company not acknowledged as debts:			
	a) Labour matters (including matter in respect of which stay granted by respective Hon'ble High Court), except for which the liability is unascertainable	4.31	4.30	0.69
2	Other matters for which the Company is contingently liable:			
	a) Demand raised by Excise Department for various matters	5.91	6.09	2.16
	b) Demand for Service Tax	-	0.24	0.24
	c) Demand for Entry Tax (penalty & interest) (Net of ₹5.74 crores (31 March 2016 - ₹5.74 crores and 1 April 2015 ₹5.74 crores) provided in accounts/paid)	7.35	6.39	5.56
3	The Company has procured certain capital goods under EPCG Scheme at concessional rate of duty. As on 31st March, 2017 the Company is contingently liable to pay differential custom duty ₹16.22 crores (31st March 2016 ₹2.80 crores) on such procurement. In view of past export performance and future projections, the management is hopeful of completing the export obligation within stipulated time, and expect no cash outflow on this account.			
B.	**Commitments**			
	a) Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for	19.33	16.69	43.60
	b) The Company has availed certain government subsidies/ grants. As per the terms and conditions, the Company has to continue production for specified number of years and others conditions failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.	-	-	-

40. Segment information

A. Description of segments and principal activities

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's internal reporting structure.

The Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility.

The company's board examines the Company's performance both from a product and geographical perspective and have identified two reportable segments of its business:

a) **Yarn:** It comprises of Cotton and Man Made Fibres Yarn

b) **Home textiles :** It comprises of Home Furnishing and Fabric Processing.

The Company's board reviews the results of each segment on a quarterly basis. The company's board of directors uses Earning Before Interest, Tax and Depreciation ('EBITDA') to assess the performance of the operating segments.

B. **Information about reportable segments**

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(₹ in crores)

Reportable Segments	Yarn		Home Textiles		Total	
	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016
External revenues	2,141.19	1,979.72	108.43	94.31	2,249.62	2,074.03
Inter-segment revenue	-	0.02	-	-	-	0.02
Segment revenue	2,141.19	1,979.74	108.43	94.31	2,249.62	2,074.05
Segment EBITDA	290.67	275.12	16.64	13.63	307.31	288.75
Finance costs					45.67	45.57
Depreciation and amortisation					85.02	79.84
Exceptional items					-	3.88
Unallocated corporate income (Net of expenses)#					11.84	13.36
Profit before tax					**188.46**	**172.82**
Tax expense					30.52	29.36
Profit after tax					**157.94**	**143.46**

Results of the other segment have not been shown separately as the same is not material.

Other information

(₹ in crores)

	Total Assets			Total Liabilities		
	Segment Assets	Unallocated Corporate Assets	Total Assets	Segment Liabilities	Unallocated Corporate Liabilities	Total Liabilities
As at 31 March 2017						
Yarn	1,812.47		1,812.47	160.03		160.03
Home textiles	200.98		200.98	27.57		27.57
Unallocated		31.72	31.72		5.38	5.38
Borrowing including Bank Borrowing					1,036.22	1,036.22
Total	**2,013.45**	**31.72**	**2,045.17**	**187.60**	**1,041.60**	**1,229.20**
As at 31 March 2016						
Yarn	1,517.62	-	1,517.62	152.92		152.92
Home textiles	128.57	-	128.57	18.46		18.46
Borrowing including Bank Borrowing	-	-	-	-	807.60	807.60
Unallocated	-	29.29	29.29	-	13.17	13.17
Total	**1,646.19**	**29.29**	**1,675.48**	**171.38**	**820.77**	**992.15**

Notes to the financial statements (contd.)

(₹ in crores)

	Capital expenditure		
	Capital expenditure	Unallocated corporate capital expenditure	Total capital expenditure
As at 31 March 2017			
Yarn	261.84		261.84
Home textiles	60.70		60.70
Unallocated	-		-
Total	**322.54**	**-**	**322.54**
As at 31 March 2016			
Yarn	133.53		133.53
Home textiles	25.88		25.88
Unallocated	-		-
Total	**159.41**	**-**	**159.41**

C. Geographic information

The Yarn and Home Textile segments are managed on a worldwide basis, but manufacturing facilities and sales offices are primarily in India.

The geographic information analyses, the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

a) Revenues from different geographies

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Domestics	1,627.62	1,487.14
Export *	573.91	545.21
Other operating income	48.09	41.68
	2,249.62	**2,074.03**
***Export**		
Turkey	174.66	171.07
Bangladesh	57.41	94.87
Rest of the World	341.84	279.27
	573.91	**545.21**

D. Major customer

Revenues from one customer of the Company's fabrics and yarn segments represented approximately ₹177.33 crores (previous year: ₹215.97 crores) of the Company's total revenues.

41. Leases

Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to ₹0.99 crores (Previous year ₹1.60 crores).

42 Borrowing Cost

During the year, company has capitalized borrowing cost amounting to ₹12.85 crores (Previous year ₹6.75 crores). The capitalized rate used to determine the amount of borrowing cost to be capitalized is weighted average interest rate applicable to the entities general borrowing (including term loan and working capital) during the year is ~ 6.75% (Previous Year~8.25%).

43. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

(₹ in crores)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Contribution to government Provident Fund	16.50	13.89
Contribution to Superannuation Scheme	0.43	0.34

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liabilty (other than for BTM unit) is being contributed to the gratuity fund formed by the Company and in case of BTM unit makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2017. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Net defined benefit (liability) / asset	-	-	-
Liability for Gratuity	-	-	-
Non-current	-	-	-
Current	-	-	-

Notes to the financial statements (contd.)

B Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(₹ in croress)

	31 March 2017			31 March, 2016		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	36.36	36.36	-	28.57	28.57	-
Included in profit or loss						
Current service cost	5.20	-	5.20	4.05	-	4.05
Interest cost (income)	2.82	(2.82)	-	2.17	(2.17)	-
	8.02	**(2.82)**	**5.20**	**6.22**	**(2.17)**	**4.05**
Included in OCI						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:	-	-	-	-	-	-
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	1.96	-	1.96	2.62	-	2.62
- experience adjustment	(1.87)	-	(1.87)	(1.06)	-	(1.06)
– on plan assets	-	(0.60)	(0.60)	-	0.18	0.18
	0.09	**(0.60)**	**(0.51)**	**1.56**	**0.18**	**1.74**
Other						
Contributions paid by the employer	-	4.69	(4.69)		5.86	(5.86)
Benefits paid	(2.95)	(2.95)	-	(3.01)	(3.01)	-
Acquisition adjustment	-	-	-	3.02	2.95	0.07
	(2.95)	1.74	(4.69)	0.01	5.80	(5.79)
Balance as at 31 March	**41.52**	**41.52**	**-**	**36.36**	**36.36**	**-**

C. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
State/Govt. of India securities	37%	39%	40%
Corporation Bonds/Fixed deposits with Banks	14%	12%	18%
Special Deposit Scheme with Bank	9%	11%	13%
HDFC Group unit linked plan-Option B	26%	25%	25%
Other Investments-UTI Master Shares	5%	4%	4%
LIC Fund	9%	9%	0%
	100%	100%	100%

D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Discount rate	7.25%	7.75%	8.00%
Expected rate of future salary increase	6.50%	6.50%	6.00%
Mortality		100% of IALM (2006 - 08)	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The company expects to pay ₹6.42 crores (Previous year ₹5.17 crores) in contribution to its defined benefit plans in the next year

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.02)	2.21	(1.77)	1.93
Expected rate of future salary increase (0.5% movement)	2.22	(2.04)	1.94	(1.80)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Description of Risk Exposures:

Defined benefit plans expose the Company to actuarial risks such as: Interest rate risk, salary risk and Demographic Risk.

i. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yield falls, the defined benefits obligation will tened to increase.

ii. Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

iii. Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawals, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Notes to the financial statements (contd.)

44. Related parties

A. Related parties and their relationships

i **Key Managerial Personnel (KMP) and their relatives**

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Mr. M.H. Rahman	Non-executive Director
Mrs. Sonu Bhasin	Non-executive Director
Mr. Sukhvir Singh	Non-executive Director
Mr. Bipeen Valame	Whole Time Director and CFO
Mr. Dilip Ghorawat	Whole Time Director and CFO (upto 09.09.2016)
Mr. S.K. Khandelia	President & CEO

Mr Bipeen Valame appointed as CFO w.e.f 08.11.2016 and appointed as Whole Time Director 09.02.2017, subject to approval of Share holders in ensuing Annual General meeting.

B. Transactions with the above in the ordinary course of business

(₹ in crores)

	Key Managerial Personnel	
	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- short-term employee benefits	3.00	2.25
- post-employment benefits	-	-
- Commission	6.94	4.63
Mr. S.K.Khandelia		
- short-term employee benefits	4.60	3.79
- post-employment benefits	1.10	0.79
Mr. Dilip Ghorawat #		
- short-term employee benefits	0.37	0.70
- post-employment benefits	0.13	0.13
Mr. Bipeen Valame #		
- short-term employee benefits	0.31	-
- post-employment benefits	0.03	-
# This is for part of the year employment.		

B. **Transactions with the above in the ordinary course of business** (contd.) (₹ in crores)

	Key Managerial Personnel	
	For the year ended 31 March 2017	For the year ended 31 March 2016
b) Director Sitting Fees		
Mr. C S Nopany	0.02	0.02
Mr. U.K. Khaitan	0.05	0.04
Mr. Amit Dalal	0.07	0.07
Mr. Rajan Dalal	0.04	0.06
Mr. Rajiv K. Podar	0.07	0.08
Mr. M.H. Rahman	0.05	0.06
Mrs. Sonu Bhasin	0.04	0.02
Mr. Sukhvir Singh	-	0.01
c) Director commission		
Mr. C S Nopany	-	0.19
Mr. U.K. Khaitan	0.04	0.02
Mr. Amit Dalal	0.04	0.02
Mr. Rajan Dalal	0.04	0.02
Mr. Rajiv K. Podar	0.04	0.02
Mr. M.H. Rahman	0.04	0.02
Mrs. Sonu Bhasin	0.04	0.02
Mr. Sukhvir Singh	0.02	0.01
d Rent paid		
Mr. C S Nopany	0.05	0.05
(Including ₹0.01 crores (Previous year ₹0.01 crores) payable at the year end)		

45 Details of specified bank notes held and transacted by company during the period November 8, 2016 to December 30, 2016: (₹ in crores)

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1.32	0.23	1.55
(+) Permitted receipts	-	1.16	1.16
(-) Permitted payments	-	1.07	1.07
(-) Amount deposited in Banks	1.32	-	1.32
Closing cash in hand as on December 30, 2016	**-**	**0.32**	**0.32**

Notes to the financial statements (contd.)

46. Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

(₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets						
Investments						
Equity shares (₹5 thousand as at 31.3.17/31.3.16/01.4.15)						
Preference shares	28.32	-	25.98	-	22.49	-
Other non-current financial assets	-	4.88	-	5.80	-	4.39
Trade receivables	-	242.09	-	210.90	-	192.55
Cash and cash equivalents	-	2.02	-	2.33	-	2.23
Bank balances other than above	-	1.03	-	0.86	-	0.66
Other current financial assets	2.77	4.44	0.91	5.05	0.55	2.05
	31.09	**254.46**	**26.89**	**224.94**	**23.04**	**201.88**
Financial liabilities						
Borrowings	-	513.04	-	426.80	-	338.72
Other non-current financial liabilities	-	5.83	-	5.45	-	4.35
Short terms borrowings	-	429.46	-	283.49	-	237.71
Trade payables	-	71.56	-	66.89	-	49.33
Other current financial liabilities	-	152.12	0.10	149.96	1.25	108.31
	-	**1,172.01**	**0.10**	**932.59**	**1.25**	**738.42**

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) Recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements (₹ in crores)

	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares (₹5 thousand in Level 3)				
Preference shares	-	-	28.32	28.32
Derivative assets	-	2.77	-	2.77
Total financial assets	**-**	**2.77**	**28.32**	**31.09**
Financial Investments at FVTPL				
Derivative liabilities	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed (₹ in crores)

	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other non-current financial assets	-	-	4.88	4.88
Trade receivables	-	-	242.09	242.09
Cash and cash equivalents	-	-	2.02	2.02
Bank balances other than above	-	-	1.03	1.03
Other current financial assets	-	-	4.44	4.44
Total financial assets	**-**	**-**	**254.46**	**254.46**
Financial liabilities				
Borrowings	-	-	513.04	513.04
Other non-current financial liabilities	-	-	5.83	5.83
Short terms borrowings	-	-	429.46	429.46
Trade payables	-	-	71.56	71.56
Other current financial liabilities	-	-	152.12	152.12
Total financial liabilities	**-**	**-**	**1,172.01**	**1,172.01**

Financial assets and liabilities measured at fair value - recurring fair value measurements (₹ in crores)

	As at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL	-	-	-	-
Investments				
Equity shares (₹5 thousand in Level 3)				
Preference shares	-	-	25.98	25.98
Derivative assets	-	0.91	-	0.91
Total financial assets	**-**	**0.91**	**25.98**	**26.89**
Financial Investments at FVTPL				
Derivative liabilities	-	0.10		0.10
Total financial liabilities	**-**	**0.10**	**-**	**0.10**

Notes to the financial statements (contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed (₹ in crores)

	As at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other non-current financial assets	-	-	5.80	5.80
Trade receivables	-	-	210.90	210.90
Cash and cash equivalents	-	-	2.33	2.33
Bank balances other than above	-	-	0.86	0.86
Other current financial assets	-	-	5.05	5.05
Total financial assets	**-**	**-**	**224.94**	**224.94**
Financial liabilities				
Borrowings	-	-	426.80	426.80
Other non-current financial liabilities	-	-	5.45	5.45
Short terms borrowings	-	-	283.49	283.49
Trade payables	-	-	66.89	66.89
Other current financial liabilities	-	-	149.96	149.96
Total financial liabilities	**-**	**-**	**932.59**	**932.59**

Financial assets and liabilities measured at fair value - recurring fair value measurements (₹ in crores)

	As at 01 April 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares (₹5 thousand in Level 3)				
Preference shares	-	-	22.49	22.49
Derivative assets	-	0.55	-	0.55
Total financial assets	**-**	**0.55**	**22.49**	**23.04**
Financial Investments at FVTPL				
Derivative liabilities	-	1.25	-	1.25
Total financial liabilities	**-**	**1.25**	**-**	**1.25**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed (₹ in crores)

	As at 01 April 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other non-current financial assets	-	-	4.39	4.39
Trade receivables	-	-	192.55	192.55
Cash and cash equivalents	-	-	2.23	2.23
Bank balances other than above	-	-	0.66	0.66
Other current financial assets	-	-	2.05	2.05
Total financial assets	**-**	**-**	**201.88**	**201.88**
Financial liabilities				
Borrowings	-	-	338.72	338.72
Other non-current financial liabilities	-	-	4.35	4.35
Short terms borrowings	-	-	237.71	237.71
Trade payables	-	-	49.33	49.33
Other current financial liabilities	-	-	108.31	108.31
Total financial liabilities	**-**	**-**	**738.42**	**738.42**

Level 1: Hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of forward foreign exchange contracts is determined as per valuation provided by the bank

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Fair value measurements using significant unobservable inputs (level 3) (₹ in crores)

	Unlisted equity shares			Unlisted preference shares		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Opening balance *				25.98	22.49	22.49
Acquisitions	-	-	-	-	-	-
Gains/losses recognised in profit or loss	-	-	-	2.34	3.49	-
Closing balance *	**-**	**-**	**-**	**28.32**	**25.98**	**22.49**
*₹Five thousand as at 31.3.17 /31.3.16/1.04.15						

Notes to the financial statements (contd.)

Valuation inputs and relationships to fair value (₹ in crores)

Type of Financial Instrument	Fair Value as at			Significant unobser-vable inputs	Probability-weighted range	Sensitivity
	31 March 2017	31 March 2016	1 April 2015			
Unquoted preference shares	28.32	25.98	22.49	Risk-adjusted discount rate	8.91% to 9.84%	Change of (+) 46/ (-) 47 basis points - Fair value would changes by (-) 0.76 crores and (+) 0.78 crores respectively
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi (₹Five thousand as at 31.3.17 /31.3.16/1.04.15)*						

* Sensitivity analysis of unlisted equity shares has been ignored being not material.

Valuation process

The Company gets the valuations performed from an independent valuer, required for financial reporting purposes, including level 3 fair values.

The main level 3 inputs for unlisted preference shares used by the Company are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period.

C. Fair value of financial assets and liabilities measured at amortised cost (₹ in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Other non-current financial assets	4.88	4.88	5.80	5.80	4.39	4.39
Trade receivables	242.09	242.09	210.90	210.90	192.55	192.55
Cash and cash equivalents	2.02	2.02	2.33	2.33	2.23	2.23
Bank balances other than above	1.03	1.03	0.86	0.86	0.66	0.66
Other current financial assets	4.44	4.44	5.05	5.05	2.05	2.05
	254.46	**254.46**	**224.94**	**224.94**	**201.88**	**201.88**
Financial liabilities						
Borrowings	513.04	513.49	426.80	427.28	338.72	339.18
Other non-current financial liabilities	5.83	5.83	5.45	5.45	4.35	4.35
Short term borrowings	429.46	429.46	283.49	283.49	237.71	237.71
Trade payables	71.56	71.56	66.89	66.89	49.33	49.33
Other current financial liabilities	152.12	152.12	149.96	149.96	108.31	108.31
	1,172.01	**1,172.46**	**932.59**	**933.07**	**738.42**	**738.88**

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk and
- Commodity price risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures,

Notes to the financial statements (contd.)

aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the President of the Company.

More than 60 % of the Company's customers have been transacting with the Company for over four years, and no significant impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of loss allowances of trade receivables is ₹242.09 crores (31 March 2016 – ₹210.90 crores, 1 April 2015 – ₹192.55 crores).

Ageing of trade receivables are as under:- (₹ in crores)

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31.03.2017	240.26	1.13	0.70	242.09
As at 31.03.2016	209.01	1.07	0.82	210.90
As at 01.04.2015	190.24	2.06	0.25	192.55

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables (₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Opening balance	(1.68)	(1.62)	(1.62)
Changes in loss allowance	-	(0.06)	-
Closing balance	**(1.68)**	**(1.68)**	**(1.62)**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crores)

	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Floating rate			
Expiring within one year (credit limit and other facilities)	82.91	85.40	83.61
Expiring beyond one year (bank loans)	35.53	251.28	92.69
	118.44	**336.68**	**176.30**

The credit limit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 4 years as at 31 March 2017 (as at 31 March 2016 - 4 years 1 month and as at 1 April 2015 - 3 years 6 months).

Notes to the financial statements (contd.)

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

(₹ in crores)

	Carrying Amounts 31 March 2017	Total	2 months or less	Contractual cash flows 2–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	513.04	513.04	-	-	376.01	137.03
Other non-current financial liabilities	5.83	5.83	-	-	0.06	5.77
Short term borrowings	429.46	429.46	255.81	173.65	-	-
Trade payables	71.56	71.56	49.46	22.10	-	-
Other current financial liabilities	152.12	152.12	50.64	101.48	-	-
Total non-derivative liabilities	**1172.01**	**1172.01**	**355.91**	**297.23**	**376.07**	**142.80**
Derivatives (net settled) Foreign exchange forward contracts	-	-	-	-	-	-

Total derivative liabilities

(₹ in crores)

	Carrying Amounts 31 March 2016	Total	2 months or less	Contractual cash flows 2–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	426.80	426.80	-	-	310.04	116.76
Other non-current financial liabilities	5.45	5.45	-	-	0.05	5.40
Short term borrowings	283.49	283.49	218.15	65.34	-	-
Trade payables	66.89	66.89	43.23	23.66	-	-
Other current financial liabilities	149.96	149.96	76.07	73.89	-	-
Total non-derivative liabilities	**932.59**	**932.59**	**337.45**	**162.89**	**310.09**	**122.16**
Derivatives (net settled)						
Foreign exchange forward contracts	0.10			-	-	-
Total derivative liabilities	**0.10**	**-**	**-**	**-**	**-**	**-**

(₹ in crores)

	Carrying Amounts 1st April 2015	Total	2 months or less	Contractual cash flows 2–12 months	1–5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	338.72	338.72	-	-	270.19	68.53
Other non-current financial liabilities	4.35	4.35	-	-	0.06	4.29
Short term borrowings	237.71	237.71	222.66	15.05	-	-
Trade payables	49.33	49.33	26.82	22.51	-	-
Other current financial liabilities	108.31	108.31	28.04	80.27	-	-
Total non-derivative liabilities	**738.42**	**738.42**	**277.52**	**117.83**	**270.25**	**72.82**
Derivatives (net settled)						
Foreign exchange forward contracts	1.25	-				
Total derivative liabilities	**1.25**	**-**	**-**	**-**	**-**	**-**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Company also take help from external consultants who for views on the currency rates in volatile foreign exchange markets.

Currency risks related to the principal amounts of the Company's foreign currency receivables and payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Notes to the financial statements (contd.)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported by the management of the Company is as follows:

(Figure in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	USD	EUR	USD	EUR	USD	EUR
Financial assets/Liabilities						
Trade receivables	1.43		1.08	-	0.51	0.03
PCFC	2.35		1.90	-	0.63	-
Trade payables	0.13		0.06	-	0.04	
Payable for capital goods	-		0.18	0.01	0.12	0.02
Net statement of financial position exposure	3.91	-	3.22	0.01	1.30	0.05

(Figure in crores)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		CHF		CHF		CHF
Financial assets/liabilities						
Trade receivables		-		-		-
PCFC		-		0.02		-
Payable for capital goods		0.01		-		-
Net statement of financial position exposure		0.01		0.02		-

The following significant exchange rates have been applied

	Average Rates		Year end spot rates		
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	1 April 2015
USD 1	67.06	67.20	64.34	66.33	60.10
EUR 1	73.26	69.43	69.25	75.10	82.58
CHF 1	69.02	69.02	64.80	64.22	60.19
GBP 1	87.33	96.92	80.88	95.09	99.85

Sensitivity analysis

A reasonably possible strengthening (weakening) of the ₹ against USD at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
USD (10% movement)	0.29	(0.29)	0.19	(0.19)
31 March 2016				
USD (10% movement)	0.14	(0.14)	0.09	(0.09)

vi. Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2017 and 31 March 2016, the Company's borrowings at variable rate were denominated in ₹.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in crores)

	Nominal Amount		
	31 March 2017	31 March 2016	1st April 2015
Fixed-rate instruments			
Financial assets	-	-	-
Financial liabilities	79.06	-	-
	79.06	**-**	**-**
Variable-rate instruments			
Financial assets			
Financial liabilities	863.44	710.29	576.43
	863.44	**710.29**	**576.43**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
31 March 2017				
Variable-rate instruments	(4.77)	4.77	(3.12)	3.12
Cash flow sensitivity	**(4.77)**	**4.77**	**(3.12)**	**3.12**
31 March 2016				
Variable-rate instruments	(4.03)	4.03	(2.64)	2.64
Cash flow sensitivity	**(4.03)**	**4.03**	**(2.64)**	**2.64**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 50 basis points in interest rates would have increased or decreased equity by ₹3.12 crores after tax (Previous year ₹2.64 crores). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

vii. Commodity price risks

The Company is exposed to the risk of price fluctuations of raw material as well as finished goods. The company manage its commodity price risk by maintaining adequate inventory of raw materials and finished goods considering future price movement. To counter raw materials risk, the Company worked with varieties of fibres (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invested product development and innovation. To counter finished goods risk, the company address wide rang of customers (knitting, weaving, home applications, industrial etc.) and manages these risk through inventory management and proactive vendor development practices.

Inventory sensitivity analysis (Raw Material, Work-in-progress and finished goods)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Notes to the financial statements (contd.)

	Profit or loss		Equity, net of tax	
	10 % increase	10 % decrease	10 % increase	10 % decrease
31 March 2017				
Inventories (Raw Material, Work-in-progress and finished goods)	50.15	(50.15)	32.79	(32.79)
	50.15	**(50.15)**	**32.79**	**(32.79)**
31 March 2016				
Inventories (Raw Material, Work-in-progress and finished goods)	40.44	(40.44)	26.44	(26.44)
	40.44	**(40.44)**	**26.44**	**(26.44)**

47. Business combinations

The Division with all rights, title and interest have been transferred from Chambal Fertilizers and Chemicals Limited to Sutlej Textiles and Industries Limited from the date of effective control i.e. closure of the business hours on September 30, 2015 as a going concern on a slump sale basis for a fixed consideration of ₹232.63 crores under the business transfer agreement.

As per para 18 of Ind AS 103 (Business Combinations), all identifiable assets and liabilities were assumed by Sutlej Textiles and Industries Limited at fair values as of October 1, 2015 (i.e. closure of the business hours on September 30, 2015)

A. Consideration transferred

The following table summarises the details of the purchase consideration and the net assets acquired are as follows:

(₹ in crores)

	Amount
Purchase consideration	232.63
Total purchase consideration	**232.63**

B. Acquisition-related costs

The Company incurred acquisition-related costs of ₹0.46 crores on legal fees and due diligence costs. These costs were included in 'Miscellaneous expenses' during the year 2015-16.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(₹ in crores)

	Amount
Property, plant and equipment	112.45
Capital work in progress	2.44
Intangible assets	0.04
Inventories	62.64
Financial assets	86.86
Non financial assets	8.52
Cash and cash equivalents	2.58
Borrowings	(10.89)
Financial liabilities	(21.58)
Non Financial liabilities	(8.16)
Current tax liability (net)	(2.27)
Total identifiable net assets acquired	**232.63**

48 First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS statement of financial position at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to the financial statements (contd.)

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity (₹ in crores)

Particulars	Notes to first-time adoption	As at 1 April 2015			As at 31 March 2016		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		642.26		642.26	827.62	(6.83)	820.79
Capital work-in-progress	2	44.32		44.32	56.13	(0.19)	55.94
Other intangible assets		0.57		0.57	0.50		0.50
Financial assets							
(i) Investments	1	50.00	(27.51)	22.49	50.00	(24.02)	25.98
(iii) Other non-current financial assets			4.39	4.39	-	5.80	5.80
Other non-current assets		41.12	(24.94)	16.18	76.16	(44.02)	32.14
Current assets							
Inventories		320.68		320.68	430.20		430.20
Financial assets							
(i) Trade receivables	8	138.55	54.00	192.55	174.45	36.45	210.90
(ii) Cash and cash equivalents		2.23	-	2.23	2.33		2.33
(iii) Bank balances other than (ii) above		1.06	(0.40)	0.66	1.41	(0.55)	0.86
(iv) Other current financial assets		-	2.60	2.60	-	5.96	5.96
Current tax assets (net)		-	0.02	0.02	-	0.02	0.02
Other current assets		95.18	(2.08)	93.10	89.81	(5.99)	83.82
Assets classified as held for sale		4.85	-	4.85	0.24	-	0.24
TOTAL ASSETS		**1,340.82**	**6.08**	**1,346.90**	**1,708.85**	**(33.37)**	**1,675.48**

Notes to the financial statements (contd.)

Reconciliation of equity (contd.) (₹ in crores)

Particulars	Notes to first-time adoption	As at 1 April 2015			As at 31 March 2016		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		16.38		16.38	16.38	-	16.38
Other equity	6	541.85	2.49	544.34	659.57	7.38	666.95
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	2	339.18	(0.46)	338.72	427.28	(0.48)	426.80
(ii) Other financial liabilities			4.35	4.35		5.45	5.45
Long-term provisions		4.91		4.91	7.26	-	7.26
Deferred tax liabilities (net)	5	45.82	(30.48)	15.34	60.69	(50.00)	10.69
Other non-current liabilities		6.11	(4.52)	1.59	7.76	(5.63)	2.13
Current liabilities							
Financial liabilities							
(i) Borrowings	8	181.69	56.02	237.71	246.14	37.35	283.49
(ii) Trade payables		49.33	-	49.33	66.86	0.03	66.89
(iii) Other financial liabilities		-	109.56	109.56	-	150.06	150.06
Other current liabilities	2	121.19	(110.22)	10.97	169.38	(151.88)	17.50
Short-term provisions	3	34.36	(22.90)	11.46	47.53	(26.52)	21.01
Current tax liabilities (net)		-	2.24	2.24		0.87	0.87
TOTAL EQUITY AND LIABILITIES		**1,340.82**	**6.08**	**1,346.90**	**1,708.85**	**(33.37)**	**1,675.48**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended 31 March 2016 (₹ in crores)

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue				
Revenue from operations	7,9	2,271.33	(197.30)	2,074.03
Other income	1,9,10,	30.97	2.76	33.73
Total income		**2,302.30**	**(194.54)**	**2,107.76**
Expenses				
Cost of materials consumed	9	1,178.95	(119.35)	1,059.60
Purchase of Stock in Trade		141.31	(1.38)	139.93
Changes in inventories of finished goods, stock-in-Trade and work-in-progress	9	9.32	(5.26)	4.06
Employee benefits expense	4,9	236.60	(16.74)	219.86
Finance costs	9,2	46.52	(0.95)	45.57
Depreciation and amotization expense	9	84.38	(4.54)	79.84
Other expenses	9,7	425.31	(43.11)	382.20
Total Expenses		**2,122.39**	**(191.33)**	**1,931.06**
Profit/(loss) before exceptional items and tax		**179.91**	**(3.21)**	**176.70**
Exceptional Items		3.88	-	3.88
Profit/ (loss) before tax		**176.03**	**(3.21)**	**172.82**

Notes to the financial statements (contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2016 (₹ in crores)

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Tax expense:				
Current tax	9	17.80	16.21	34.01
Deferred tax	9,5	14.87	(19.52)	(4.65)
Profit/ (loss) for the period (A)		**143.36**	**0.10**	**143.46**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	4	-	(1.74)	(1.74)
Income tax relating to remeasurement of defined benefit plans	4	-	0.60	0.60
Total other comprehensive income for the period (B)		**-**	**(1.14)**	**(1.14)**
Total comprehensive income for the period (A + B)		**143.36**	**(1.04)**	**142.32**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015 (₹ in crores)

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		675.95	558.23
Adjustments:			
Impact on account of fair valuation of derivatives	10	0.69	(0.03)
Borrowings – transaction cost adjustment	2	(0.03)	0.65
Impact due to reversal of proposed dividend	3	5.92	19.72
Deconsolidation impact of BTM	9	(6.60)	-
Impact of valuation of preference shares at FVTPL	1	3.50	(27.51)
other impacts		(0.06)	0.18
Tax effects of adjustments	5	1.47	9.48
Total adjustments		4.89	2.49
Net impact brought forward from Opening balance sheet		2.49	-
Total equity as per Ind AS		**683.33**	**560.72**

Reconciliation of total comprehensive income for the year ended 31 March 2016 (₹ in crores)

Particulars	Notes to first-time adoption	Amount
Profit after tax under India GAAP		143.36
Adjustments		
Impact on account of fair valuation of derivatives	10	0.69
Borrowings – transaction cost adjustment	2	(0.03)
Impact of valuation of preference shares at FVTPL	1	3.50
Other impacts		(0.07)
Remeasurements of post-employment benefit obligations	4	1.74
Tax effects of adjustments	5	0.87
Deconsolidation impact of BTM	9	(6.60)
Total adjustments		0.10
Profit after tax as per Ind AS		143.46
Other Comprehensive Income		(1.14)
Total Comprehensive income for the year		**142.32**

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016 (₹ in crores)

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	9	273.11	(0.66)	272.45
Net cash flow from investing activities	9	(369.28)	20.51	(348.77)
Net cash flow from financing activities	9	94.50	(20.65)	73.85
Net increase/(decrease) in cash and cash equivalents		**(1.67)**	**(0.80)**	**(2.47)**
Cash and cash equivalents as at 1 April 2015		2.23	-	2.23
Adjustment of BTM	9	1.77	0.80	2.57
Cash and cash equivalents as at 31 March 2016		**2.33**	**-**	**2.33**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

D. **Notes to first-time adoption:**

1 **Fair valuation of investments**

Under the previous GAAP, investments in equity shares and preference shares were classified as long-term investments. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value through profit and loss. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2016. This increase the retained earnings net of tax by ₹2.29 crores as at 31 March 2016 (1 April 2015 decrease in retained earnings - ₹17.99 crores).

2 **Borrowings**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss and PPE as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by ₹0.41 crores (1 April 2015– ₹0.44 crores) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount of retained earning. The profit for the year ended 31 March 2016 reduced by ₹0.03 crores as a result of the additional interest expense.

3 **Proposed Dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax thereon of ₹25.63 crores as at 31 March 2016 (1 April 2015–₹19.72 crores) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount

4 **Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹1.14 crores. There is no impact on the total equity as at 31 March 2016.

5 **Deferred Tax**

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

Notes to the financial statements (contd.)

6 Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

7 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented under other expenses.This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by ₹0.44 crores. There is no impact on the total equity and profit.

8 Trade receivables

Under previous GAAP, company had a policy to derecognise the trade receivables upon discounting on the same and the same were presented as contingent liability. Under Ind AS, the said trade receivables do not meet the derecognition conditions are defined under Ind AS 109, hence the company has re-recognised the trade receivables with the corresponding impact in short term borrowings. This has resulted in increase in trade receivables balance by ₹38.18 crores as at 31 March 2016 (1 April 2015 ₹55.75 crores) with corresponding increase in short term borrowings.

9 Business Combinations

The Company has acquired Birla Textile Mills (BTM) from Chambal Fertilizers and Chemicals Ltd as a going concern on slump sale basis effective from 1st April, 2015. However, control as defined in Ind AS 103 (Business Combinations) including various approvals was obtained by the Company and control vests with the Company after closing of Business Hours on 30th September, 2015. Accordingly, accounting for business combination was made and results for the previous year ended 31st March, 2016 includes results of BTM for the period from 01.10.2015 to 31.03.2016 only.

10 Fair valuation of derivatives

The company has taken forward contracts to hedge foreign currency receivables/ payable. Under previous GAAP, AS 11 accounting was followed to account for these contracts. Under Ind AS all these derivatives has been valued at fair value as per Ind AS 109. This has increased retained earnings by ₹0.19 crores as at 31 March 2016 and by ₹0.22 crores as at April 2015 respectively.

11 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

49 Disclosure as specified in Schedule V of SEBI (Listing Obligation and Disclosure requirements) regulation 2015:

(₹ in crores)

Name of the Loanee	Maximum amount outstanding during the year	Outstanding balance at the year end
1. Upper Ganges Sugar & Industries Ltd	40.00	-
	(40.00)	(-)

Note -Figures in brackets represents previous year's amounts.

50 In respect of Okara Mills, Pakistan, (Which remained with the Company as a result of transfer of textiles division of Sutlej Industries Limited with the Company) no returns have been received after 31.03.1965. Against net assets of Okara Mills, Pakistan amounting to ₹2.32 crores, the demerged/transferor Company had received adhoc compensation of ₹0.25 crores from Government of India in the year 1972-73. These assets now vest in the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India. The Company shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, credit for the same will be taken in the year of receipt. In the year 2003-04, net assets of ₹2.07 crores (net of compensation received) as on 31.03.1965, valued at pre-devaluation exchange rate, has been provided for.

51 Disclosure u/s 186(4) of the Companies Act, 2013 :

a) Particulars of Loans given :-

(₹ in crores)

Sr. No	Name of the Loanee	Loan given during the Financial year	Loan repaid during the Financial Year	Outstanding balance at the year end	Purpose
1	Upper Ganges Sugar & Industries Ltd	40.00	40.00	-	Business purpose
		(40.00)	(40.00)	(-)	

b) Particulars of Investments made :-

(₹ in crores)

Sr. No	Name of the Investee	Investment made during Financial year	Outstanding Balance at the year end
1	Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited (Refer Note 5 B)	-	27.58
		(-)	(-)
2	Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 B)	-	0.74
		(-)	(-)
3	Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s The Oudh Sugar Mills Limited (Refer Note 5 B)	-	-
		(-)	(25.98)

Note : Figures in brackets represents previous year's amounts.

52 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 5.88% (Previous year: 6.48%).

53 The Company has acquired Birla Textile Mills (BTM) from Chambal Fertilisers and Chemicals Ltd as a going concern on slump sale basis effective from 1st April, 2015. However, control as defined in Ind AS 103 (Business Combinations) including various approvals was obtained by the Company and control vests with the Company after closure of business hours on 30th September, 2015. Accordingly, accounting for business combination was made and hence previous year figures are excludes figures for the period 01.04.15 to 30.09.15 of BTM, hence not comparable.

Signatures to Notes 1 to 53

In terms of our Report of even date attached.

For **M/s. Singhi & Co.**
Chartered Accountants
Firm Regn. No. 302049E

B.K. Sipani
Partner
Membership No - 088926

Place : Mumbai
Dated : 18.05.2017

For and on behalf of the Board of Directors of Sutlej Textiles and Industries Limited

Rajiv K. Podar
Director

Bipeen Valame
Whole time Director & CFO

C. S. Nopany
Executive Chairman

D. R. Prabhu
Company Secretary & Compliance Officer

sutlej

textiles and industries limited

Sutlej Textiles and Industries Limited