

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have immense pleasure in presenting the 11th Annual Report of your Company together with its Audited Financial Statements for the financial year ended 31st March, 2018.

1. FINANCIAL RESULTS

The Company's Financial performance for the year ended 31st March, 2018 is summarized below:

(₹ in lakhs)

Particulars	Financial Year ended 31.03.2018	Financial Year ended 31.03.2017
Total Revenue from Operations	15338.38	13959.65
Earnings Before Interest, Taxes, Depreciation and Amortization	1506.50	1181.23
Less : Finance Cost	705.64	634.52
Less : Depreciation and Amortization Expense	446.29	404.24
Profit before Tax	354.57	142.47
Tax Expenses:		
Current tax	97.08	73.57
Deferred tax	(9.46)	20.25
MAT Credit Utilized	29.63	-
Income Tax related to earlier years	2.63	-
Profit after Tax	234.69	48.65
Other Comprehensive income	31.57	28.32
Total Comprehensive income	266.26	76.98
Earnings per Share (₹)		
Basic and Diluted	8.00	1.66

There were no material changes and commitments, affecting the financial position of the Company occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

Review of Business Operations:

The highlights of financial performance of the Company for the year 2017-18 ended on 31st March, 2018 is summarized below:

- The Company's total Revenue from operations for the FY 2017-18 is ₹15338 lakhs as compared to ₹13960 lakhs in the previous financial year.
- The sale in Domestic Market for the FY 2017-18 is ₹11288 lakhs as compared to ₹9283 lakhs in the previous financial year. Exports are ₹3925 lakhs compared to ₹4083 lakhs in the previous year.

- The Profit Before Tax for the 2017-18 is ₹ 354.57 lakhs as compared to ₹ 142.47 lakhs in the previous year.
- The Profit After Tax for the 2017-18 is ₹ 234.69 lakhs as compared to ₹ 48.65 lakhs in the previous year.
- Earnings per share as on 31st March 2018 is ₹ 8 vis a vis ₹ 1.66 as on 31st March 2017.

The Directors are appreciative on the overall performance of your Company for the financial year 2017-18 and are delighted to present that there had been decent volume of business and remarkable profit as compared to previous year. The revenue from operations has been increased to 9.88% as compared to previous year. The Profit after tax has been increased to 382.40% as compared to previous year.

Your Company continues to export in countries like Brazil, USA, Singapore, Argentina, Portugal and also in exploring new markets to boost Company's export services. In the years to come, this trend of increase in exports is expected to continue and your company is looking forward to give continued growth and profits to its valuable shareholders.

Future Outlook:

A note on the future outlook of your Company is presented under Management Discussion and Analysis, which forms part of this Report.

2. DIVIDEND

Your Directors have recommended payment of dividend on 8% Cumulative Redeemable Preference shares as per the terms and conditions of the issue. The dividend amount will absorb a sum of ₹74.43 lakhs, including dividend distribution tax of ₹12.59 lakhs.

Your Directors are pleased to recommend a dividend of 10% on the Equity Share Capital of the Company for the financial year ended 31st March, 2018. The dividend amount will absorb a sum of ₹35.29 lakhs, including dividend distribution tax of ₹5.97 lakhs.

3. TRANSFER TO RESERVES

Your Company has proposed to transfer ₹0.50 lakhs to General Reserve account of the Company for the financial year ended 31st March, 2018.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Details on the composition of the Board of Directors of the Company is provided in the Corporate Governance Report, which forms part of this Annual Report.

Retirement by Rotation and subsequent re-appointment:

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Mayank Agarwal (Whole time Director) is liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

In accordance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Listing Regulations and the Articles of Association of the Company, the Independent Directors and the Managing Director of the Company are not liable to retire by rotation.

Key Managerial personnel:

As per the provisions of Section 203 of the Companies Act, 2013, Mr. Virender Kumar Agarwal- Chairman and Managing Director, Mrs. Seema Rani Agarwal- Joint Managing Director, Mr. Mayank Agarwal- Whole time Director, Mr. Gajanan Chhawsaria- Chief Financial Officer and Ms. Deepa Dudani- Company Secretary are the key managerial personnel of the Company.

During the period under review, Ms. Reshu Jain resigned as Company Secretary with effect from 16th September, 2017. The Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, appointed Ms. Deepa Dudani, as Company Secretary with effect from 07th March, 2018.

Declaration of independence from Independent Directors:

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Section 149(6) of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16 of Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force)

Board Meetings:

During the year under review, 8 meetings of the Board of Directors were held. The details of the meetings of the Board of Directors of the Company convened during the financial year 2017-18 are given in the Corporate Governance Report which forms part of this Annual Report.

Formal Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) 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 its Committees. Your Company has devised a Policy, selection of Directors, determining independence of Directors and for performance evaluation of Independent Directors, Board, Committees and other individual Directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Nomination & Remuneration Policy:

The Board has on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is explained in the Corporate Governance Report forming part of this Report.

5. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Directors of the Company confirm that:

- a. in the preparation of the annual accounts for the year ended 31st March, 2018 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state

of affairs of the company at the end of the financial year 31st March, 2018 and of the loss of the company for that period;

- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. proper internal financial control laid down by the Directors were followed by the Company and that such internal financial control are adequate and operating effectively; and
- f. proper system to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

6. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report as required under Regulation 34 read with Schedule V to the Listing Regulations with the stock exchanges forms part of this Report.

7. CORPORATE GOVERNANCE REPORT

The Corporate Governance Report, as required under Regulation 34 and paragraphs C, D and E of Schedule V to the Listing Regulations, forms part of this Report. The requisite certificate from the Statutory Auditors of the Company, S. Venkatadri & Co., Chartered Accountants, Hyderabad confirming compliance with the conditions of corporate governance as stipulated under the Listing Regulations is attached to Corporate Governance Report.

8. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company as on 31st March, 2018 in Form MGT - 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the '**Annexure-A**' to this report.

9. AUDITORS AND AUDITOR'S REPORT

Statutory Auditor:

M/s S. Venkatadri & Co., Chartered Accountants, Hyderabad appointed as Statutory Auditors of your Company in the 8th Annual General Meeting (AGM) held on 25th September, 2015 for a term of 5 (Five) consecutive years to hold office till the conclusion of the 13th Annual General Meeting of the Company to be held in the year 2020 subject to the ratification of their appointment at every AGM.

M/s S. Venkatadri & Co., have confirmed their eligibility and qualification required under section 139, 141 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force)

The Auditor's Report for the financial year ended 31st March, 2018 on the financial statements of the Company is a part of this Annual Report. The Auditor's Report for the financial year ended 31st March, 2018 does not contain any qualification, reservation or adverse remarks.

Cost Auditor:

The Board of Directors, on the recommendations made by the Audit Committee, has appointed M/s. G. R. Paliwal & Co., Cost Accountants (Firm Reg. No.-100058), Nagpur as Cost Auditors of the Company for conducting the cost audit of the Company for the financial year 2018-19, and has recommended his remuneration for the ratification of Members at the ensuing annual general meeting.

The Company has received consent from M/s. G. R. Paliwal & Co., Cost Accountants, to act as the Cost Auditor along with a certificate confirming their independence and arm's length relationship.

Secretarial Auditor:

The Board of Directors of the Company has appointed Mrs. Aarju Agrawal, Practicing Company Secretary, to conduct Secretarial Audit of the Company for the financial year ended 31st March, 2018 in compliance with the provisions of Section 204 of the Companies Act, 2013.

The Company has received consent from Mrs. Aarju Agrawal to act as the auditor for conducting audit of the secretarial records for the financial year ending 31st March, 2018.

The Secretarial Audit Report for the financial year ended 31st March, 2018 is set out in the '**Annexure-B**' to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Internal Auditor:

In accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, on recommendation of Audit Committee, M/s. Manish Jain & Co., Chartered Accountants, Nagpur (FRN: 138430W) are appointed as the Internal Auditors of the Company.

The Internal Auditor submits his reports on quarterly basis to the Audit Committee. Based on the report of internal audit, management undertakes corrective action in the respective areas and strengthens the levels of Internal Financial and other operational controls.

10. RELATED PARTY TRANSACTIONS

During the year under review, all contracts/arrangements/transactions entered by the Company with Related Parties were in the ordinary course of business and at arm's length basis, also were reviewed and approved by the Audit Committee.

The Company has not entered into any contracts/arrangements/transactions with related parties which qualify as material in accordance with the Policy on Related Party transactions formulated by the Company. Thus disclosure pertaining to Related Party transactions in Form AOC-2 is not required.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 32 to the Financial Statements of the Company.

11. PARTICULARS OF LOANS , GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

During the year under review, the Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013

12. COMMITTEES OF BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. The terms of reference of these Committees are determined by the Board and their functioning reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also inform the Board about the summary of discussions held in the Committee Meetings.

Details on the composition of the Committees, meetings held, attendance thereat is provided in the Corporate Governance Report and forms part of this Report.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Whistle blower Policy has been approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safe-guards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. 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.

14. RISK MANAGEMENT

The Company has policy for identifying risk and established controls to effectively manage the risk. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework. Further the Company has laid down various steps to mitigate the identified risk.

15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has timely Statutory Audit and Internal Audit and procedural checks in place. The Board evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company accounting procedures at all locations of the Company. Based on the process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has in place well defined and adequate internal financial controls and the same were operating effectively throughout the year.

16. CORPORATE SOCIAL RESPONSIBILITY

The Company is not falling under the criteria of Section 135 of the Companies Act, 2013 to constitute a committee and to spend in CSR activity. However, your company assure that it will comply with Section 135 when the section will be applicable on Company.

17. PARTICULARS OF EMPLOYEES/HUMAN RESOURCE

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

Further during the year under review, none of the employees are receiving remuneration as set out in Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Your Company firmly believes that employees are the most valuable assets and key players of business success and sustained growth. The Company continued to contribute to employee benefit, fostering team spirit, enhance employee skills, motivation, training programs to develop leadership as well technical/functional capabilities.

Industrial relations were cordial throughout the year.

18. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at work place and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. During the year ended 31st March, 2018, no complaints have been received pertaining to sexual harassment.

19. OTHER DISCLOSURES

- a. During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
- b. The Company does not have any subsidiary, joint venture or associate companies;
- c. The Company is indulged in manufacturing of Specialty Synthetic Spun Yarn and there has been no change in the nature of business during the year under review;
- d. As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017. The Financial Results for the year 2017-18 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read

with the relevant rules issued thereunder and the other recognized accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2017-18 presented have been prepared in accordance with Ind AS;

- e. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;
- f. There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future;
- g. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out in the '**Annexure-D**' to this report;
- h. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise; and
- i. The Company has complied with the requirements about Code of Conduct for Board members and Senior Management Personnel.

20. ACKNOWLEDGMENT

Your Directors wish to place on record their sincere appreciation to all the employees for their dedication and commitment. The hard work and unstinting efforts of the employees have enabled the Company to sustain and further consolidate its position in the industry.

Your Company continues to occupy a place of respect among stakeholders, most of all our valuable customers. Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central and State Government authorities, customers and other business associates, who have extended their valuable and sustained support and encouragement during the year under review. It will be the Company's endeavor to build and nurture these strong links with its stakeholders.

By Order of the Board
For Suryaamba Spinning Mills Limited

Place: Nagpur, Maharashtra
Date : July 20, 2018

Virender Kumar Agarwal
Managing Director
DIN : 00013314

Seema Rani Agarwal
Jt. Managing Director
DIN : 01430206