



CHARGED TO
GROW HIGHER

sutlej
textiles and industries limited

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.

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Financial section



Weak sectoral environment. Slow offtake.

The year 2015-16 was a defining year for Sutlej Textiles and Industries Limited.



Sluggish demand. Price erosion. Liquidity mismatch.

The Company weathered one of the most challenging sectoral realities.



Most companies would have staggered business investments.

Sutlej undertook organic and inorganic growth measures.



Most companies would have selected to wait and watch.

Sutlej rallied behind the message 'Charged to grow higher.'



In this despondent reality, Sutlej reported profitable growth.

20% growth in revenues. 24% increase in profit after tax.

CHARGED TO **GROW HIGHER**

Sutlej Textiles has two robust businesses.

One, the manufacture of specialised value-added dyed yarns.

Two, the manufacture of home textiles.

The combination of these high-margin businesses is expected to accelerate revenues, enhance margins and reinforce sustainability across business cycles.

PARENTAGE

- A flagship company of the multi-business conglomerate promoted by the late Dr. K.K. Birla.
- Corporate office is situated in Mumbai with four manufacturing units in Jammu and Kashmir, Himachal Pradesh, Rajasthan and Gujarat.
- Possesses IS/ISO-9001:2008 certification; bestowed with 'Usterised' license by Uster Technologies, Switzerland, for its Kathua Unit
- Conferred the 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.

Sutlej Textiles. At a glance....

Our results	Our capacities	Our foresight	Our Balance Sheet strength
2,302.30 Total revenue (₹ crore)	377,688 Total capacity (spindles)	1,274 Cumulative investment in gross block (₹ crore) (FY2005-16)	7.46 Average cost of borrowings on term loans, net of TUFS benefits (in %)
310.80 EBIDTA (₹ crore)	6 million metres Total capacity (home textiles)	222,232 Spindle addition (FY2005-16)	21 Return on equity (in %)
143.36 PAT (₹ crore)	55 countries (global footprint)	54 Proportion of spindleage (in %) less than a decade old	21 Return on capital employed (in %)

Performance highlights, 2015-16



Net revenue from operations (₹ crore)



EBITDA (₹ crore)



Cash profit/PBDT and exceptional items (₹ crore)



Profit after tax (₹ crore)



Gross block (₹ crore)



Total debt-equity ratio including working capital



Long-term debt-equity ratio



Earnings per share* (₹)



Dividend per share (₹)



Average yarn realisations (₹ per kilogram)

*Adjusted figures post incorporating the 1:2 bonus issue in 2013-14

EXECUTIVE CHAIRMAN'S OVERVIEW

We are charged to **grow higher!**

Dear Shareholders

I am pleased to present our performance for 2015-16 wherein the Company's revenues increased 20% while profit after tax strengthened 24%. I must assure shareholders that given the diverse challenges that the sectoral and company encountered, this profitable growth represents a validation of our strategic direction.



CS Nopany, *Executive Chairman*

Strategic direction

Over the last few years, Sutlej resolved to escape the cyclical trap of its business. The Company began to focus on a long-term strategy whereby any decline in sectoral fortunes would have at worst a minimal impact on its revenue and profits where as a sectoral rebound would immediately translate into an improved topline and bottomline.

The core of this counter-cyclical strategy was that we would:

- Maximise the production of value-added yarn varieties
- Accelerate capacity creation at the lowest cost in the shortest time
- Strengthen cost leadership, and
- Enhance capacity of fast-growing synergistic businesses (Home Textiles)

This strategic direction has already been validated. During the year under review, Sutlej reported increased revenues and profits even while it was engaged in aggressive reinvestment with the objective to enhance capacity and sustain profit growth. I have no doubt that as the import of this strategy unfolds, revenues, profits and margins will strengthen, graduating the Company to the next orbit of scale, growth and sustainability.

Challenges

The global economy continued to be sluggish with World Bank moderating 2015 growth forecasts from an initial 3.3% to 3.1% compared to 3.3% growth achieved in 2014.

The global textile industry continued to suffer from an extended slowdown, marked by sluggish off-take on the one hand and price erosion on the other. The result was that most textile manufacturers reported a decline in revenues and profits, affecting their overall sustainability.

India's rural economy continues to reel under the impact of a second successive weak monsoon, which affected rural incomes and consumption engines. In turn, this translated into a slower off-take of fabric, which in turn affected yarn realisations.

The growth of India's infrastructure sector was affected by weak policy implementation and correspondingly weak government investment. This weakness affected rural employment and incomes, translating into weaker prospects for the country's textile sector.

China reported its weakest annual growth in about a quarter of a century. The result was that China moderated the consumption of a number of products, textiles included. The result was that realisations of textile products declined the world over, affecting the viability of related manufacturers.

In 2015-16, the Company's revenues increased

20

% while profit after tax rose 24%.

Our counter-cyclical strategy

- Maximise the production of value-added yarn varieties
- Accelerate capacity creation at the lowest cost in the shortest time
- Strengthen cost leadership, and
- Enhance capacity of fast-growing synergistic businesses (Home Textiles)

Sutlej counter-response

At Sutlej, we had proactively prepared for this sectoral slowdown through an overarching focus: stronger customer orientation.

The Company studied emerging customer needs, worked closer with customers, developed new products and empowered customers to win in their respective markets through timely investments in business diversification, capacity increase and evolving product mix.

Our revenue increase with enhancement in profit should be seen as positive achievements in this scenario.

Despite a sweeping sectoral slowdown...

- Sutlej increased revenues in four of the last five years
- Sutlej increased PAT in four of the last five years
- Sutlej invested in capacity building in four of the last five years

Despite declining realisations across the board...

- Sutlej increased the proportion of premium yarn sales in its product mix
- Sutlej improved average yarn realisations in three of the last five years

At Sutlej, we had visualised that the most effective strategy to counter a business slowdown would lie in capacity addition and revenue growth. In view of this, the Company acquired the Birla Textile Mills (BTM) spindle capacity of 83,376 spindles in financial year 2015-16 and is set about enhancing the Company's overall capacity by 35,280 spindles in financial year 2016-17. The larger volumes helped the Company effectively amortise fixed costs. The result was that the Company reported an increase in profits, validating its acquisition and expansion priorities.

At Sutlej, we had recognised that capacity increase would not alone be enough; what we would require was a churn in our yarn manufacturing capacity towards value-added yarn varieties. In line with this priority, the Company increased the proportion of spindles dedicated to cotton blended and cotton mélange dyed yarns from 23% in 2011-12 to 29% in 2015-16. Besides, the proportion of revenues derived from these premium yarns also increased.

At Sutlej, we had anticipated that it would not be adequate to play the game in a better way; it would be necessary to change the game itself. The result was that some years ago, we invested in the manufacture of home textile products. We are pleased to state that during the year under review, this nascent division turned around, providing us with the incentive to substantially scale its capacity across the foreseeable future.

The result of these initiatives was that overall capacity utilisation of Sutlej stands above 95% in 2015-16, and virtually marketed all that it manufactured. This reality indicates that Sutlej does not make to stock but makes to order; that Sutlej enjoys robust and enduring customer relationships that represent a steady order pipeline across market cycles; that Sutlej has strengthened its credentials as a sustainable textiles organisation.

Sectoral optimism

There are a number of reasons why I am optimistic of our prospects.

The downtrend in the global textiles sector could end over the foreseeable future as soon as global demand revives.

The Indian government's push to the rural sector through its recent Union Budget and Make in India policy is expected to strengthen rural consumption.

The infrastructure-building emphasis is expected to kick start the Indian economy.

Corporate trickle-down

At Sutlej, we are attractively placed to capitalise on national and sector revival for some good reasons.

One, there is a distinctive organisational clarity about what we are and what we desire to do. The result is an overarching respect for return on invested resources; the Company will select to invest in only those businesses and their related niches that generate optimal returns and enhance (not merely maintain) overall profitability.

Two, we possess a robust Balance Sheet that is only likely to get stronger. For one, we are already invested (and financially closed) for nearly

three straight years of growth starting 2016-17. Our attractive depreciation provision provides adequate resources to fund year on year capacity investments. The accruals that we are likely to generate from the timely implementation of upcoming projects will be value-added and high-margin. These accruals, in turn, are likely to be invested in debt liquidation, strengthening our Balance Sheet. We believe that an under-borrowed Balance Sheet and an improving credit rating will serve as a foundation for low-cost funds mobilisation (a sustainable advantage) whenever we consider the need to finance organic or inorganic business opportunities.

As the Company was exploring for inorganic growth in its spinning capacity, it acquired Birla Textile Mills (BTM) having a capacity for 83,376 spindles during the year. The BTM acquisition provided the Company operational spinning capacity and also benefited through adding new customers in the domestic and export markets.

Three, our Home Textiles business is at the cusp of an attractive take-off. The business

turned around during the financial year under review, allaying the fears of analysts that this would eat into our profitability. Our focus on curtains and upholstery proved relevant, our designed products were well accepted, our customer relationships proved enduring, and our order books are growing. This encouraging reality encouraged us to increase our production capacity from 0.42 mn metres per month in 2014-15 to a projected 0.8 mn metres a month (projected commissioning by the close of 2016-17).

Four, there is a sectoral shakeout likely to transpire for reasons that extend beyond the industry slowdown. The Indian government modified significantly its concessional TUFs loan arrangement for the country's textiles sector in January 2016. With the advantage of this low cost funds pipeline declining over time, textile manufacturers will need to bank on the strength of their Balance Sheet to mobilise low cost funds. At today's spindle commissioning costs and without concessional debt, we believe that greenfield

textile projects will lose its attractiveness, strengthening prospects of competitive long-standing textile manufacturers. Your Company will be attractively placed following debt repayment, an increased net worth and stronger credit rating, creating attractive operating leverage to fund sustainable growth.

Five, the financial mechanics of what is behind our performance for the last financial year indicates that we are headed in the right direction. For instance, even as our total debt increased by ₹169.39 crore during the year under review, our finance cost was pegged at ₹46.52 crore as compared with ₹52.99 crore in last year, a sign that bankers are beginning to correlate the strength of our business model into their lending terms. We believe that the full benefit of this will be progressively manifested when our additional capacities are fully implemented, setting in motion a virtuous cycle of profitable growth.

Overview

I must assure shareholders that our relative strength at a time

of sectoral weakness provides an insight into our competitive position and the fact Company is indeed placed at an attractive inflection point. If this is how we performed during the deep end of a sector downtrend, then I am robustly optimistic of our prospects when the sector rebounds.

As our investments translate into timely project commissioning across the foreseeable future, we expect to report higher revenues, superior margins and increased surpluses that graduate us into the next growth orbit.

As we say at Sutlej, we are charged to grow higher!

I would like to thank all the stakeholders for their continued support.

With best regards,

C.S Nopany

Despite challenges in textile sector...

- Sutlej improved its financial performance, which resulted in a credit rating upgrade from BBB in FY 13-14 to CARE AA-, IND AA- (stable outlook) in FY 15-16.
- Sutlej de-leveraged and reduced average cost of debt in the last couple of years by about 200 bps.
- Sutlej strengthened its gearing in four of the last five years.

The Company's overall capacity is expected to increase by

35,280

spindles in financial year 2016-17.



DRIVERS OF OUR BUSINESS
EFFECTIVENESS

**1 BUILDING ADDITIONAL
CAPACITIES**



**2 UPGRADING ASSET
QUALITY**



**3 ENHANCING PRODUCT
VALUE**



**4 ENTERING NEW
TERRITORIES**



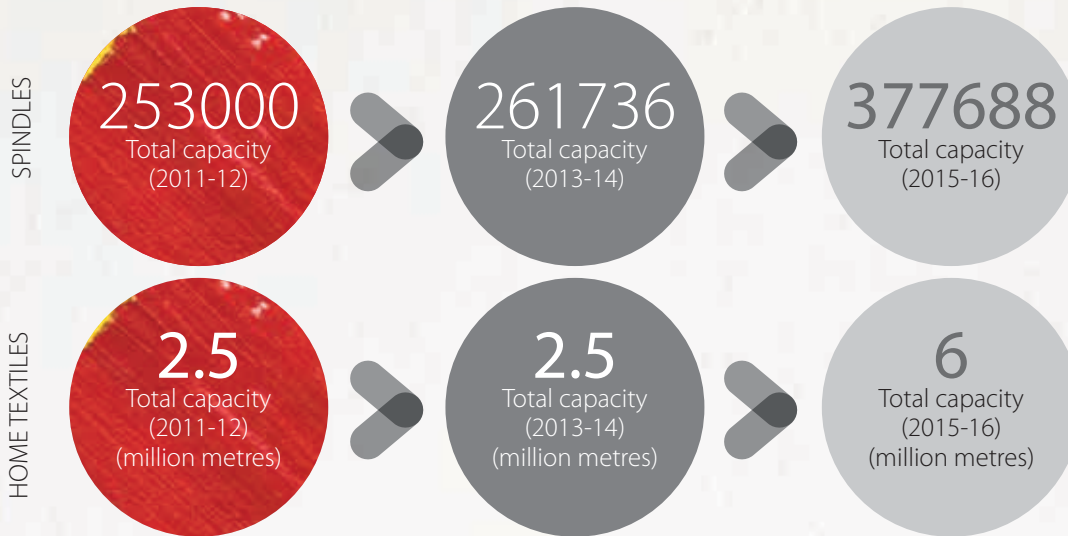
**5 REINFORCING OUR
BALANCE SHEET**



1

BUILDING ADDITIONAL CAPACITIES

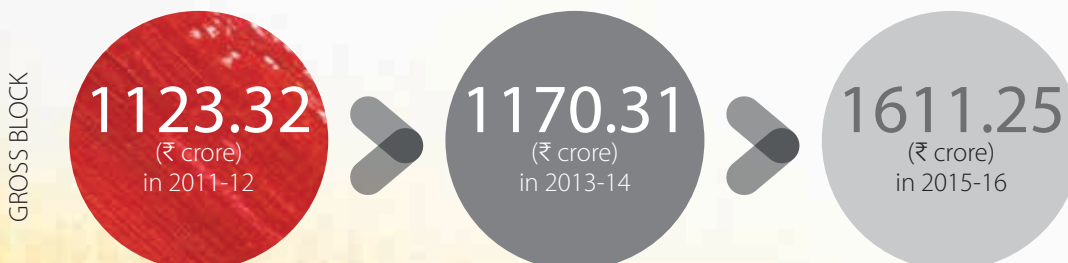
At Sutlej, we have built capacities – linear and non-linear. We built linear capacity through progressive capacity addition, which enhanced our operating economies. Concurrently, we embraced complex yarn manufacture around a comprehensive yarn solutions positioning. The Company extended to non-linear capacity addition through an extension to the adjacent value-added space of home textiles.



2

UPGRADING ASSET QUALITY

Sutlej did not just enhance capacity; it invested in cutting-edge technologies that enhanced operating efficiency on the one hand (greater output from a given resource quantity) and made it possible for the Company to graduate to value-added dyed yarns and home textile products. This investment made it possible for the Company to sustain efficiency and resist cyclical downtrends more effectively.

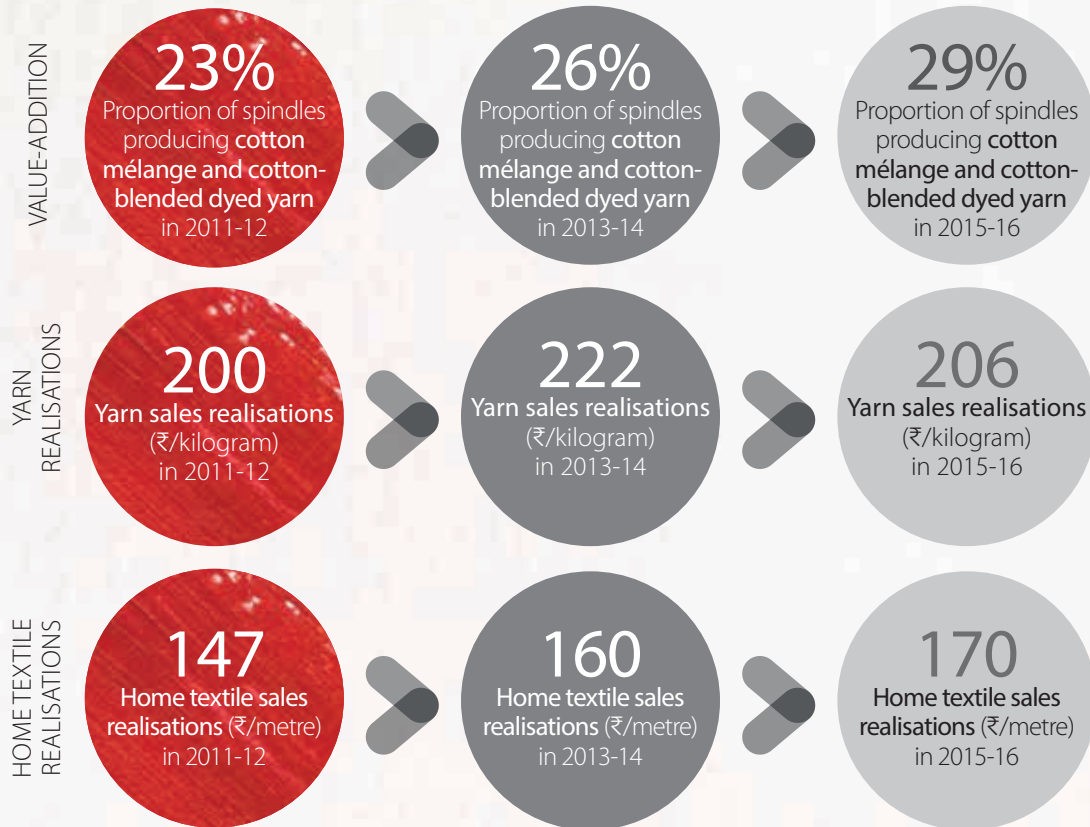


3

ENHANCING PRODUCT VALUE

Sutlej created products around emerging lifestyle-driven consumer preferences. The Company focused on niche products like cotton blended and cotton mélangé dyed yarns as well as contemporary home textile designs. In doing so, the Company helped grow the market for niche products as opposed to merely addressing existing demand.

Value-added cotton mélangé and cotton-blended dyed yarns accounted for 39% of the Company's 2015-16 yarn revenues. The Company modified the product mix of the recently-acquired Birla Textile Mills towards value-added yarn varieties which will become increasingly visible from 2016-17 onwards.



4

ENTERING NEW TERRITORIES

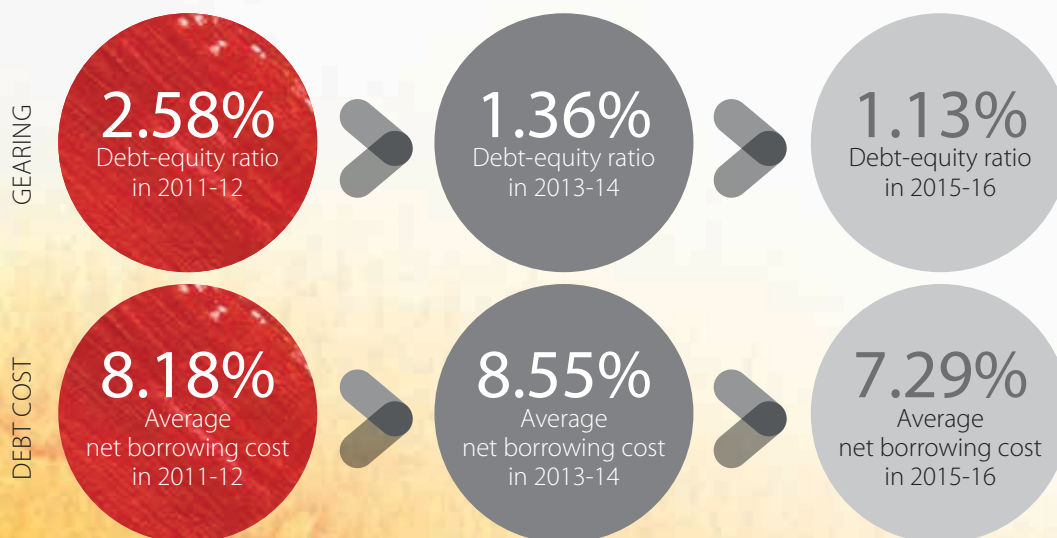
As a prudent growth initiative and a de-risking measure, Sutlej has established a wide presence globally with enhanced focus on profitable countries. This made it possible for the Company to enter growth geographies, carve out a larger national wallet share, generate logistical economies, enhance capacity utilisation, ensure superior fixed cost amortisation and de-risk the Company from a dependence on select geographies. Yarn exports contributed 27.62% to the Company's yarn revenues in 2015-16



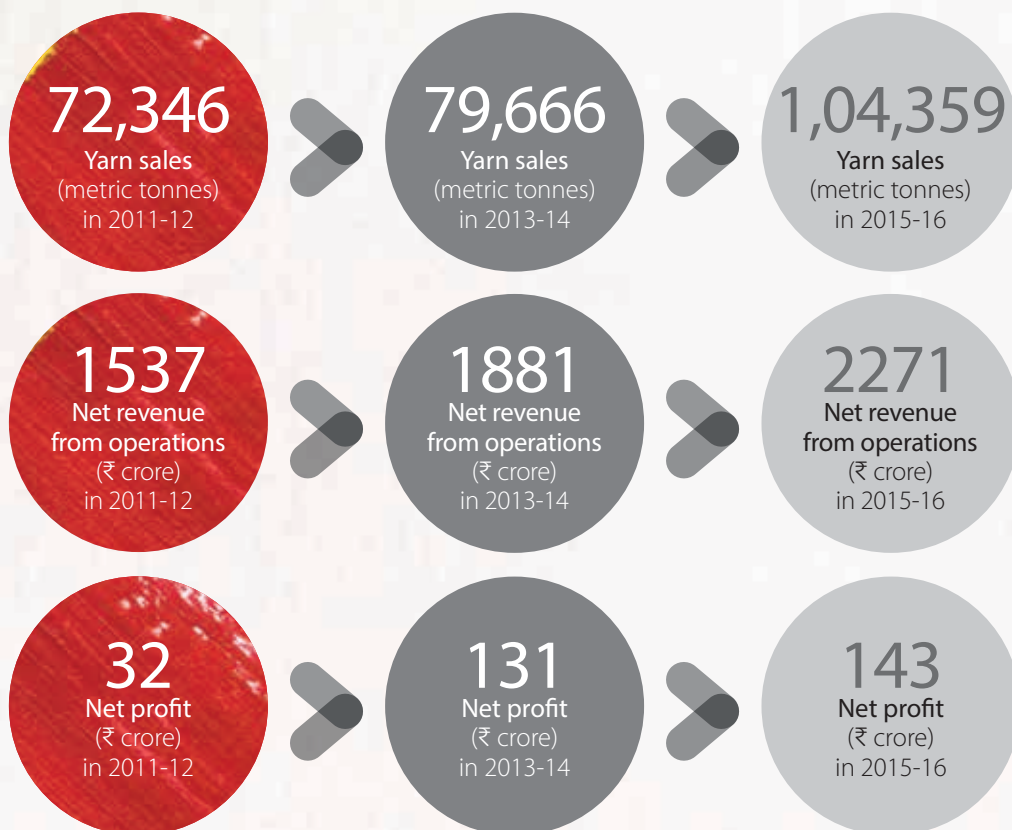
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REINFORCING OUR BALANCE SHEET

Sutlej selected to use accruals (over debt) to build assets, helping moderate gearing and enhance interest cover in a capital-intensive sector. Nearly 37% investments in the three years leading to 2015-16 were funded from internal accruals. Sutlej controlled its gearing to 1.13. Sutlej employed new tools to mobilise funds, resulting in interest savings. The Company switched from high-cost working capital loans to commercial paper and packing credit in foreign currency. Interest rates on term loans reduced by 200 bps during the last two years. The result: while the Company's borrowings increased to ₹767 crore in 2015-16, interest outflow remained at existing levels.



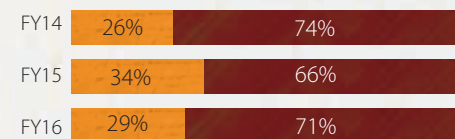
The results of our business strategy



Sutlej. How we strengthened our counter-cyclicality.

1 YARN BUSINESS

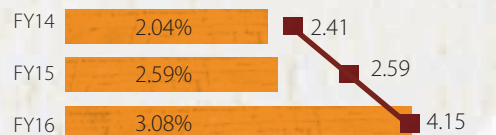
The focus of the Company's value-addition reinvention was driven through the value-added mélangé product



■ Spindlease dedicated to mélangé (%)
■ Spindlease dedicated to other yarn (%)

2 HOME TEXTILES

The Company diversified into the manufacture Home Textiles (curtains and upholstery), a premium niche



■ Home textile revenues as % of overall revenues
■ Throughput (mn metres)

3 FINANCIAL STRENGTH

The Company mobilised debt at better terms...

Moderated term loan cost



■ Term loan outlay (₹ / cr)
■ Average term loan cost (%)

Moderated working capital cost



■ Working capital outlay (₹ / cr)
■ Average working capital cost (%)



This ability translated into improved business efficiency...

Debt efficiency



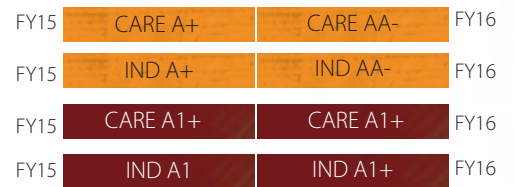
■ Revenues for the year (₹ / cr)

■ Average debt (₹ / cr)

■ Debt per rupee of revenue (₹)

The Company leveraged healthier numbers to enhance respect...

Credit rating



■ For long-term loans and fund-based facilities

■ For non-fund-based and commercial papers

The Company liquidated its finished products inventory in a volume-driven business during the financial year under review

Finished products inventory

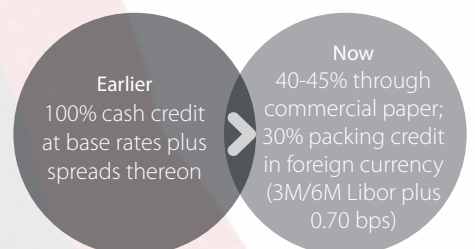


■ Quantum (in MT)

■ Inventory in days of turnover equivalent

The Company's superior working capital mix was derived through lower cost constituents...

Working capital outlay



Strengths

You have seen how we performed in a challenging FY16.

This is what we expect to achieve across the foreseeable future.



SPECIALISED YARNS BUSINESS

At Sutlej, we intend to retain our capacity and volume leadership in cotton mélangé and cotton-blended dyed yarn through sustained capacity investments, growing throughput and realisations leadership



HOME TEXTILES BUSINESS

At Sutlej, we quadrupled capacity effective end-2016-17. The investment is likely to reflect completely in our working from 2017-18 onwards. This represents a growth business for our Company.



BUSINESS MIX

At Sutlej, we intend to graduate beyond our predominant yarns personality into a textile major with two large and growing businesses – specialised yarns and Home Textiles – marked by respective leadership related to exports from India.



COUNTER-CYCLICALITY

At Sutlej, we do not just expect to grow; we aspire to robust counter-cyclicality manifested in the ability to resist sectoral downtrends with the least erosion in margins and profits and capitalise on sectoral rebounds through market-outperforming gains.



GEARING

At Sutlej, we expect to progressively moderate our gearing over the next three years despite prospective capacity growth.



VALUE

At Sutlej, we aspire to graduate a position of industry respect reflected in an increase in market capitalisations by 108.18% (as compared with 31 March 2014) across listed textile companies in India and one of the best asset-turnover ratios in India's textile sector

Charged to **grow higher!**

Over the years, Sutlej invested extensively in competencies with the objective to remain attractively profitable and sustainable across sectoral cycles

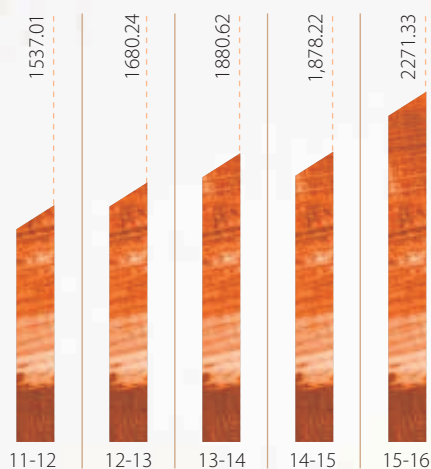
Competence: Domain knowledge

Impact: Sectoral outperformance

Strategy: Sutlej leveraged its rich multi-decade sectoral bandwidth to grow its core specialised yarns business (cotton, acrylic, polyester, viscose and modal, among others) across different price position the one hand and diversify into the home textiles niche on the other.

Result: Growth consistently faster and significantly higher than the sectoral average.

Net revenue from operations (₹ crore)



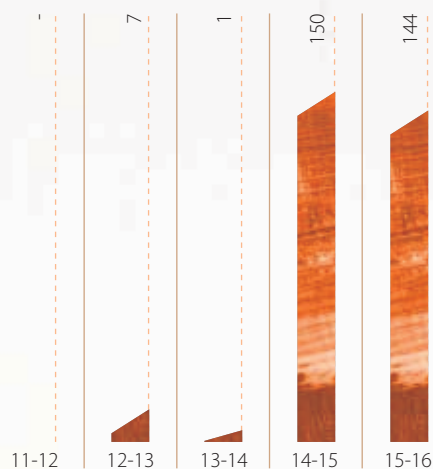
Competence: Multi-cycle investing

Impact: Enhanced opportunity-readiness

Strategy: Sutlej invested ₹1191 crore in the decade leading to 2015-16; the Company diversified into specialty value-added yarns and home textiles; it increased investments during the downturn

Result: Going forward, the Company is likely to outperform through these robust growth engines (specialised yarns and Home Textiles)

Investment in capacity addition (y-o-y) (₹ crore)



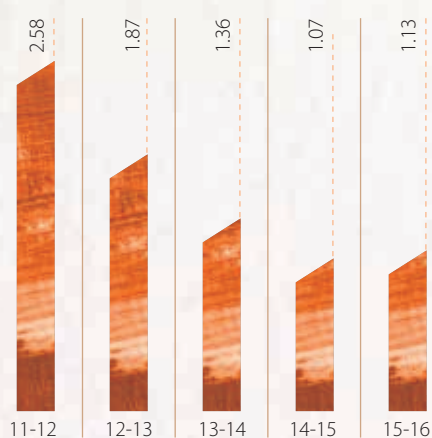
Competence: Financial liquidity

Impact: Ability to invest across market cycles (especially downturns)

Strategy: The Company selected to grow to the extent its Balance Sheet permitted. Besides, it intends to liquidate debts and strengthen gearing below 1.0.

Result: Stronger Balance Sheet; increasing room to borrow at lower rates should needs arise.

Total debt-equity ratio



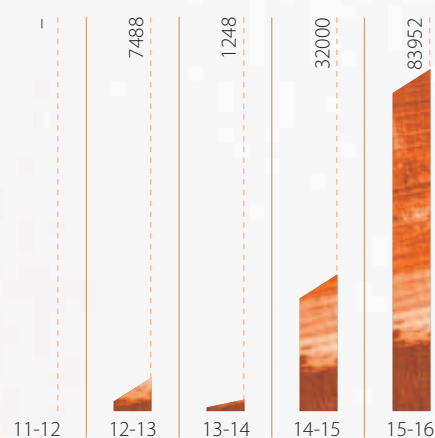
Competence: Opportunity-readiness

Impact: Ability to sustain business growth

Strategy: The Company added 138,280 spindles in the last decade; acquired 83,376 spindles from Birla Textile Mills (increasing spindle capacity to 377688).

Result: Commenced production of value-added cotton mélangé and cotton-blended dyed yarns.

Spindle addition (y-o-y)



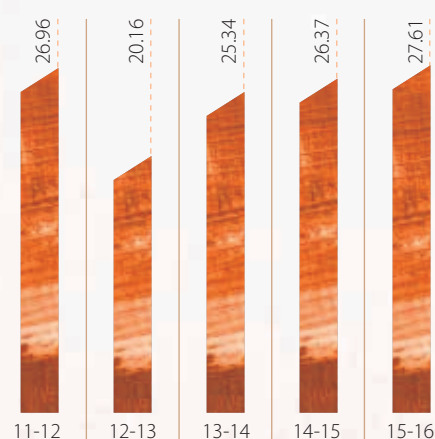
Competence: Widening geographic presence

Impact: Enhanced ability in addressing global demand upturns, lifestyle changes and geographic de-risking

Strategy: The Company selected to widen operations across 55 countries, one of the highest among Indian yarn exporters

Result: Global exposure increased by 26.59% in 2015-16; no country accounted for more than 10% of revenues except for one country which accounted for 33%.

Exports as % of revenues



Competence: Solutions provider

Impact: Ability to provide a customer a complete procurement peace of mind.

Strategy: Widened the product range and depth (colours, blends, counts); positioned as a one-stop spun-dyed yarn shop.

Result: Graduated beyond a commodity trap; evolved into consultant, collaborator and producer

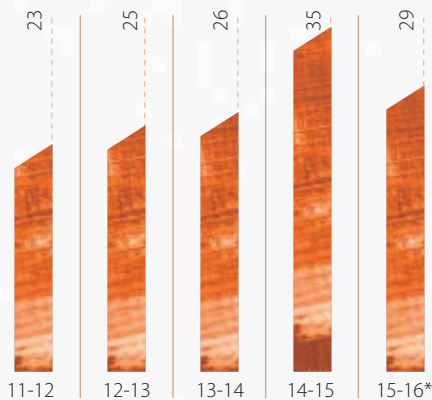
Competence: Niche value-added dyed yarn

Impact: Enhanced ability in countering yarn commoditisation and price erosion

Strategy: Increased capacities for value-added cotton mélange and cotton-blended dyed yarns; Company retained its position as India's largest manufacturer of value-added dyed synthetic and cotton mélange dyed yarns.

Result: Despite challenging circumstances, the Company sustained its margins.

Proportion of value-added cotton mélange and cotton-blended dyed yarn in the total capacity (%)



*in FY 2015-16, the Company acquired BTM

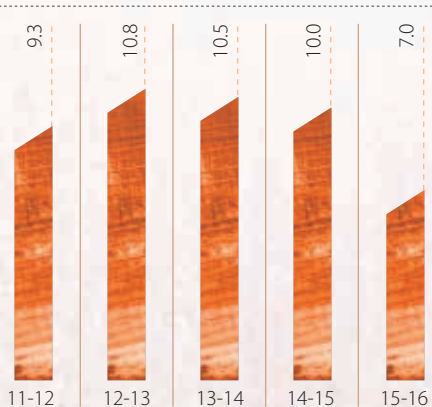
Competence: Financing mix

Impact: Widened financing flexibility; lowered costs

Strategy: The Company increasingly utilised accruals in asset building, helping moderate gearing in a capital-intensive sector. The Company replaced high-cost working capital loans with lower cost commercial paper and packing credit in foreign currency.

Result: Borrowings increased to ₹767 crore in 2015-16; interest outflow remained at existing levels.

Average cost of working capital (%)



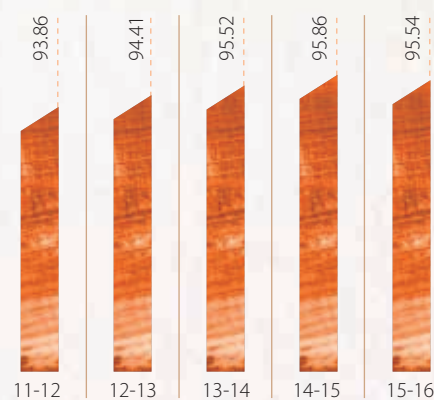
Competence: Technology contemporariness

Impact: Enhanced operating efficiency and superior product attributes

Strategy: Consistent investments in cutting-edge technologies (scalable and adaptable to ongoing improvements).

Result: Around 54% of spindle capacity was less than a decade old as on 31st March, 2016.

Capacity utilisation (%)



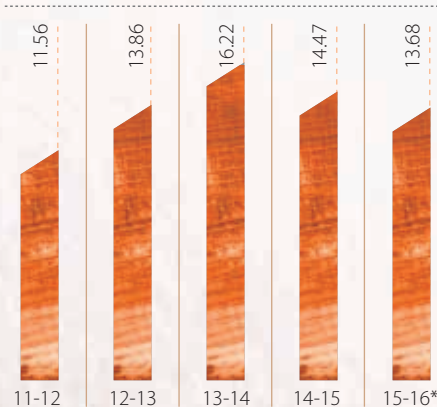
Competence: Cost leadership

Impact: Empowered the Company to moderate operating costs

Strategy: The Company moderated selling / administration / marketing / power / debt costs through prudent vendor negotiation

Result: The Company reported a profitable CAGR of 14.95%.

EBIDTA to gross turnover (%)



*in FY 2015-16, the Company acquired BTM

Our value metrics

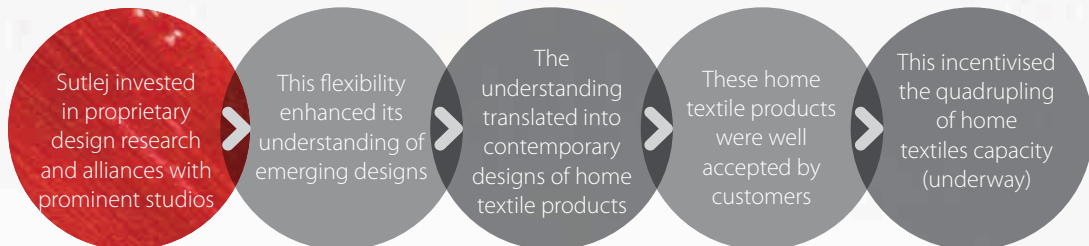
RELATIONSHIPS



VALUE-ADDITION



CAPTIVE HOME TEXTILE DESIGNS



DEBT MANAGEMENT



OUR BUSINESS MODEL

ROBUST PLATFORM

- Focus on value-added products
- Addressing the complete portfolio
- Wide global footprint
- Robust Balance Sheet
- Efficient supply chain
- High operating efficiency
- Relationship-based model

RESPONSIVE APPROACH

- Addressing the most profitable opportunities
- Customer-driven
- Investing in emerging products
- Product cum service package

SOCIAL RESPONSIBILITY

- Engaged in social responsibility initiatives
- Investment in clean plants, processes and practices

VALUE CREATION

- Increased shareholder value
- Improvement in diverse value-creation measures
- Enhanced customer, employee and social value



1

Business segment

Specialised yarns

2176.74

Revenue from operations
(₹ crore) in 2015-16
against ₹1784.14 crore
in 2014-15

209.53

EBIT (₹ crore)
in 2015-16
against ₹192.95 crore
in 2014-15

95.54

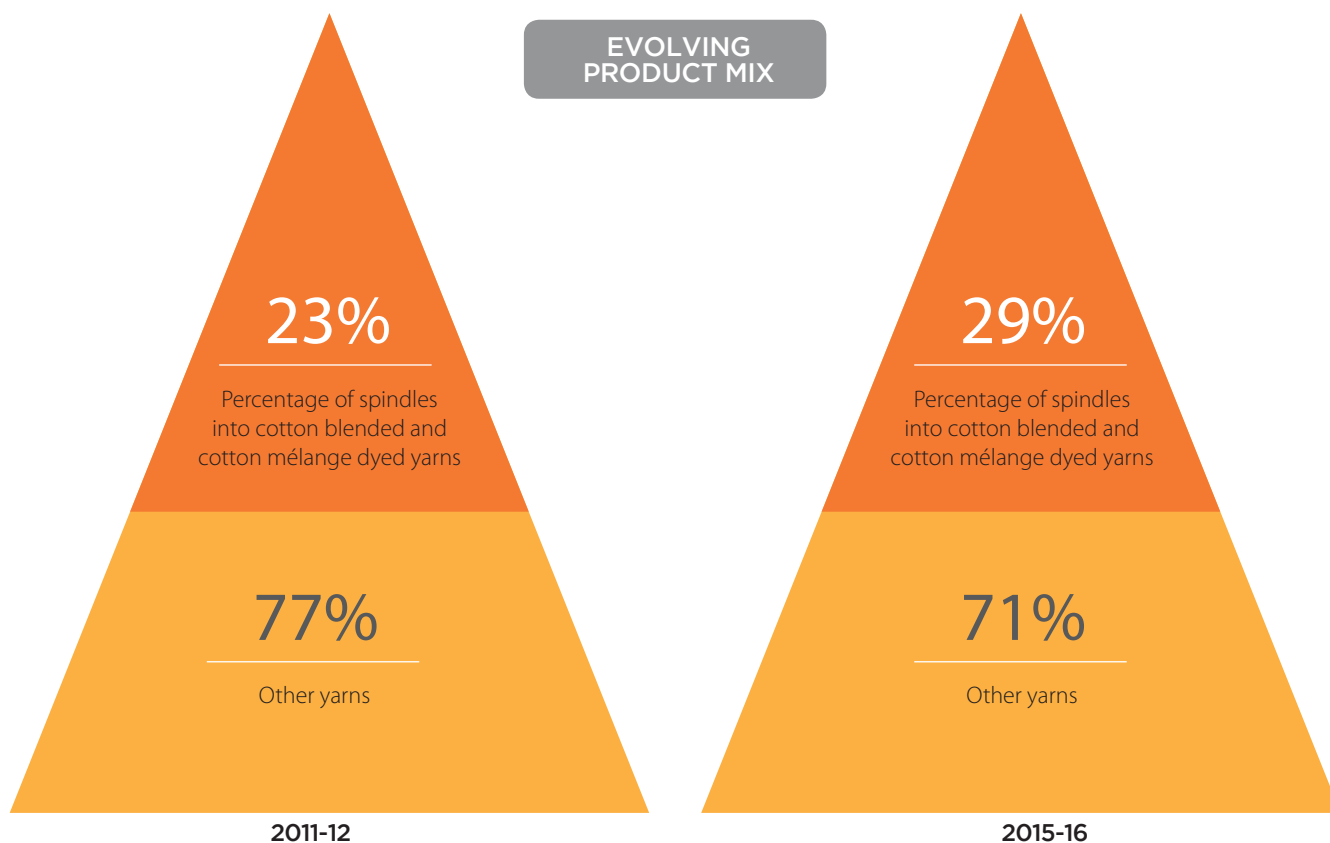
Capacity utilisation (%)
in 2015-16 of the installed
capacity of 377688
spindles

Sutlej. More than just a one-stop yarns provider.

A specialised yarns provider instead.

Sutlej has extended from being a grey yarn manufacturer to a 'one-stop shop' for every kind of yarn on offer – from natural to man-made – across blends (grey, dyed and mixture) and count ranges (6-50).

Sutlej possesses one of the largest product portfolios of spun-dyed and cotton-blended and cotton mélangé dyed yarns with a presence across 46 countries.





Overview

Sutlej is one of the largest Indian producers and exporters of value-added synthetic and cotton-blended dyed, cotton mélange spun and synthetic dyed yarns.

The Company's engagement in this space extends beyond scale; it has a passionate involvement in the development of blends and shades that can potentially enhance consumer convenience and marketplace excitement.

Over the years, the Company prudently invested in sectoral and product research. The Company progressively widened its presence across the yarn value chain (cotton to polyester to viscose to acrylic

to modal to lycra to teflon to linen) and strengthened its ability to manufacture multi-fibre (synthetic and natural) yarn across diverse blends (grey, dyed and mixed) and counts (6-50).

The result is that the Company has progressively emerged as a one-stop specialised yarn solutions provider for some of the most demanding market-facing companies within India and the world.

Capacity

The Company manufactures specialised yarns across 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 advantages in specific product competence, raw material availability, customer dedication and availability of technical professionals.

Over the years, the Company invested periodically in capacity addition, enhancing aggregate spindleage from 155456 in 2005 to 377688 in 2016. Each of the Company's plants possesses adequate economies of scale and capacity to service customer needs (forecast and unexpected). Besides, these units are among the most contemporary; around 54% of the Company's spindleage was less than 10 years old as on 31 March 2016,

Product offerings

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

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





translating into high product quality and operating efficiencies.

Portfolio

Sutlej provides customers with a single-point solution. This solution comprises the ability to manufacture the complete range of specialised yarns. For instance, the Company is among a handful in India with a demonstrated competence in the manufacture of specialty yarns (lycra, coolmax, modal and tencel yarns, among others). Besides, it is also the largest among five Indian producers of modal yarn (licensed from Lenzing, Austria).

Product mix

Over the years, the Company has progressively evolved its product mix.

The Company increased the spindleage of cotton blended and cotton mélange dyed yarns – from 23% in its yarns mix in 2011-12 to 29% in 2015-16. This increasing cotton blended and cotton mélange dyed yarn proportion translated into increased divisional profitability and competitiveness.

Distinctiveness

Sutlej's engagement with customers has extended from make-to-stock to make-to-order. This has helped the Company de-risk from marketplace risks, eliminating the risks of unsold inventory. Besides, this has helped the Company evolve customer engagements from transactions to relationships. We believe that this form of engagement has provided a

basis for capacity expansion, graduating the Company from taking guesses on prospective demand to a point where increased requirements form the basis for prospective capacity increases.

Quality

Sutlej is not merely a yarn manufacturer; it is widely respected for its ability to provide 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 are world-class not merely for sophisticated manufacturing infrastructure; they possess confidence-enhancing certifications (IS/ISO 9001:2008) and quality-testing

Rajasthan Textile Mills

Location: Bhawanimandi (Rajasthan)

Product: Cotton yarns and man-made fibre yarns

Capacity: 91008 spindles

Chenab Textile Mills

Location: Kathua (Jammu and Kashmir)

Product: Cotton mélange yarns and man-made fibre yarns

Capacity: 106175 spindles of cotton mélange; 97129 spindles of man-made fibre yarns

Birla Textile Mills

Location: Baddi (Himachal Pradesh)

Product: Cotton yarns and man-made fibre yarns

Capacity: 83376 spindles



equipment (HVI spectrum, AFIS Pro UT- 5, Tensojet and Classimat, among others).

The result is that Uster Technologies AG, Switzerland, provided Sutlej the coveted permission to use the 'Usterised' trademark following a detailed appraisal of its quality assurance systems.

Presence

The strength in the Company's product mix is reflected in the diversity of its customer presence – across 46 countries. Sutlej is one of the largest Indian exporters of polyester-viscose blended yarns with a growing presence in developed and emerging economies (Armenia, Argentina, Bangladesh, Belgium, Brazil, Canada, China,

Colombia, Chile, Cuba, Egypt, Ecuador, France, Georgia, Germany, Greece, Hong Kong, Indonesia, Iran, Italy, Japan, Jordan, Lebanon, Mauritius, Mexico, Morocco, Netherlands, Pakistan, Peru, Poland, Portugal, Russia, Singapore, South Africa, South Korea, Sri Lanka, Spain, Syria, Thailand, Tanzania, Tunisia, the Philippines, The United States of America, United Kingdom, Turkey and Uganda among others).

Accolades

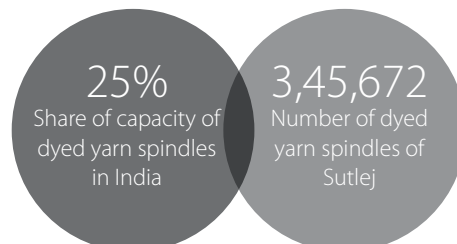
- Felicited with the prestigious SRTEPC's Gold Trophy for Best Export Performance for Exports of Fabrics to 'Focused SAARC' countries for 2014-15
- Bestowed 'Silver Trophy' for the 'Second

Best Export Performance of Spun Yarns' for 2014-15 by SRTEPC

Operational highlights, FY2015-16

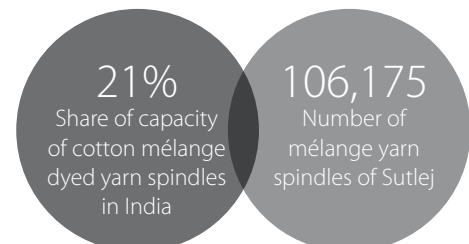
- Achieved 95.54% capacity utilisation across 377688 spindles despite unfavorable market conditions.
- Embarked on product mix modification of the Birla Textile Mills unit from grey cotton or grey cotton-blended yarn to value-added yarn varieties.
- Strengthened Bhawanimandi units through – put following the decision to add 35,280 spindles to produce value-added cotton mélange and cotton-

Sutlej's dyed yarn leadership in India



*Figures as of 31 March 2016

Sutlej's cotton mélange dyed yarn spindles leadership in India



*Figures as of 31 March 2016



blended dyed yarns.

- Modified its export portfolio with a growing emphasis on value-added dyed yarns, which helped improve exports by 26.59% from yarn revenues to 46 countries in 2015-16.

Financial highlights, 2015-16

- Resisted the extensive yarn price erosion arising out of unfavorable market conditions and demand glut; average yarns realisations stood at ₹206 per kilogram (₹219 per kilogram in the previous year)
- Grew yarn production by 28.63% - from

74.74 million kilograms in 2014-15 to 96.14 million kilograms.

- Reported aggregate capacity utilisation of 95.54.
- Strengthened yarn exports 26.59% by value, following an enhanced focus on value-added products. Yarns exports stood at 29.84 million kilograms by volume, a 39.18% increase over the previous year.
- Enhanced domestic volumes 27.19% - from 58.59 million kilograms to 74.52 million kilograms following capacity addition.

Outlook, 2016-17

The Company selected to increase value-added dyed yarn capacity and volumes from its Bhawanimandi unit, prospectively strengthening realisations. Besides, the Company plans to venture into new territories while evolving its product mix. The Company believes that a wider geographic footprint, larger product offering and improved product mix of value-added dyed yarns should translate into above-market growth in volumes, surpluses and margins.

Sutlej strengthened yarn exports 26.59% by value, following an enhanced focus on value-added products. Yarns exports stood at 29.84 million kilograms by volume, a 39.18% increase over the previous year



2

Business segment

Home textiles

70.01

Revenue (₹ crore)
in 2015-16 against
₹100.87 crore
in 2014-15

8.03

EBIT (₹ crore)
in 2015-16
against ₹4.08 crore
in 2014-15

83.83

Capacity utilisation (%)
in 2015-16
(installed capacity of
6 million metres)

Sutlej. More than just a yarns company. A yarns-cum-home textiles company instead.

Overview

Over the last few years, Sutlej evolved its personality from specialised yarn manufacture to home textiles.

The Company entered this vertical in 2006, leveraging its understanding of the textile industry. The entry into this business space was validated on the grounds that this would account for a larger share of the existing customer's wallet, graduate the Company from a complete dependence on yarns and enhance margins.

In line with this potential, the Company invested in cutting-edge manufacturing equipment, state-of-the-art German software, full-fledged testing laboratory, wide product range (furnishing fabrics and made-ups) and contemporary designs (based on enduring associations with reputed European studios).

Capacity

Sutlej is respected for its ability to deliver

customised solutions across diverse designs, blends, colours and finishes from a single integrated unit.

Operational highlights, FY2015-16

- Strengthened capacity utilisation from 80.02% in 2014-15 to 83.83%.
- Implemented phased capacity expansion; the first phase of 16 looms was commissioned in July 2015.
- Sustained the capacity expansion; following completion, the project is expected to increase to 9.6 million metres per annum by the close of FY 16-17.
- Developed new designs and add-ons in line with evolving market trends, strengthening realisations.

Financial highlights, 2015-16

- The home textiles business accounted for 3.06% of the Company's revenues (2.56% in 2014-15).

- Revenues grew 45% from ₹48.29 crore in 2014-15 to ₹70.01 crore.
- Exports increased 23.98%; export volumes stood at 1.17 million metres.
- Average realisations improved from ₹160/metre in 2014-15 to ₹170/metre in 2015-16.

Outlook, 2016-17

Following implementation of the ongoing capacity addition, this business segment is expected to report higher volumes, revenues and surpluses.

Damanganga Home Textiles

Location: Daheli (Gujarat)

Product: Home textiles furnishings

Capacity: 6 million metres per annum (88 shuttle-less looms)

Following implementation of the ongoing capacity addition, this business segment is expected to report higher volumes, revenues and surpluses.



Our institutionalised approach to prudent de-risking

Risk nature: Growing competition

Probable impact: Can affect market share and profitability

Sutlej's response: The Company addressed this risk through decisive and timely capacity addition on the one hand (especially during the downturn, making the Company's capacities uptrend-ready) and attractive value-addition on the other. This volume-value combination

represents the Company's core strategy to consistently outperform its sectoral growth average.

Result: Sutlej has emerged as the largest producer of specialty yarns (cotton mélange and blended dyed yarns) in India coupled with one of the highest sectoral margins (rising trend), validating its strategic direction.

Risk nature: Industry cyclical

Probable impact: Decline in off take, revenues, profits and investments

Sutlej's response: Over the years, the Company selected to customise its products around the demanding needs of large and prominent clients (Indian and global). Over

time, these engagements translated into enduring and collaborative relationships.

Result: The Company enjoys multi-year relationships with most marquee clients in India (Page Industries, Siyaram's, Donear, Shivalik Print, Arrow, Raymond's and Grasim).

Risk nature: Inflation

Probable impact: An inability to absorb costs, eroding margins.

Sutlej's response: The Company addressed this risk through growing economies-of-scale (arising out of an increase in aggregate spindle capacity from 261,736 in 2013-14 to an estimated 412,968 spindles in 2016-17 and enhanced annual home textile production capacity from 5 million metres in 2014-15 to an estimated 9.6 million metres in 2016-17. The Company invested in top-of-the-

line technology that enhanced operating efficiency. Process discipline helped moderate production costs. Centralised large volume resource purchase translated into attractive discounts. Active engagement with bankers resulted in lower debt costs.

Result: Raw material costs as a proportion of production value were 58.94% in 2014-15 and 56.17% in 2015-16.

Risk nature: Inconsistent quality

Probable impact: Weakening brand; customer attrition

Sutlej's response: The Company invested in state-of-the-art equipment (manufacturing and testing) delivering high quality consistency. ₹12.88 crores was invested in R&D expenditure during the decade ending 2015-16. The Company trained workers around a global quality mindset,

enhancing process integrity. The Company invested in global accreditations (IS/ ISO 9001:2008 certification).

Result: Uster Technologies AG Switzerland granted the Company the right to use the 'Usterised' trademark; revenues from prominent institutional customers continued to grow.

Risk nature: Volatile currency movements

Probable impact: Losses in foreign exchange transactions

Sutlej's response: The Company followed a policy of immediately encashing currency inflows without leaving open positions or assuming currency risks. The Company enjoyed a significant currency hedge in that it imported

(CIF Value) ₹19.53 crore of materials and exported (FOB Value) ₹573.27 crore of finished products in 2015-16.

Result: The Company did not incur currency losses during the year under review.

Risk nature: High debt cost

Probable impact: Reduced competitiveness

Sutlej's response: The credit rating agency CARE upgraded the Company's rating from CARE A+ to CARE AA-, signifying high safety for long-term funds and CARE A1+ for short-term bank facilities. India Ratings and Research Private Limited (FITCH Group) upgraded Sutlej's rating to 'IND AA-' with stable outlook and IND A1+ for short-term bank facilities. These ratings helped

the Company mobilise debt at lower costs. Besides, the Company leveraged its clean non-default record with banks and attractive gearing (1.13 as on 31 March 2016) to moderate its debt cost.

Result: The Company's average debt cost declined from a peak of 8.83% in 2012-13 to 7.29% in 2015-16.

Being **socially responsible**

At Sutlej, we believe that no company can claim to be truly successful until it has successfully addressed the needs of all its stakeholders.

In addition to investing in responsible manufacture, Sutlej has made investments in education, social infrastructure, healthcare and women's empowerment.

The Company has participated in projects for providing of safe drinking water, various programmes under Swachh Bharat Abhiyan, promoting health care services, education, promotion of sports, cultural and social activities, construction of roads and drains among others, for the benefit of the people at large in the area of its activity.

Going ahead, the Company has identified some projects in the state of Rajasthan for its CSR spend under the Mukhyamantri Jal Swavlamban Abhiyan (MJSJA) for development of anicut dams for irrigation purposes.



Financial Highlights

(₹ in lakhs)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue from Operations	2,27,177	1,87,858	1,88,390	1,69,037	1,54,171
Total Income	2,30,274	1,91,826	1,92,295	1,72,811	1,57,328
Earnings Before Depreciation, Interest Cost and Taxes (EBDIT)	31,080	27,180	30,562	23,431	17,826
Depreciation, Impairment and Amortisation	8,438	6,991	7,519	7,015	6,900
Profit before Tax and Exceptional items	17,991	14,890	17,236	9,885	3,960
Exceptional items	388	68	64	606	-
Profit before Tax	17,603	14,822	17,173	9,279	3,960
Profit after Tax	14,336	11,546	13,138	7,697	3,173
Equity Dividend (%)	130%	100%	80%	50%	50%
Dividend Payout	2,563	1,972	1,533	639	635
Equity Share Capital	1,638	1,638	1,638	1,092	1,092
Reserves and Surplus	65,957	54,185	44,611	33,552	26,494
Net Worth	67,595	55,823	46,249	34,644	27,587
Gross Fixed Assets	1,66,739	1,39,330	1,22,641	1,14,750	1,13,592
Net Fixed Assets	88,425	68,716	56,317	54,517	59,442
Total Assets	1,70,885	1,34,082	1,27,294	1,14,916	1,14,482
Market Capitalisation	75,034	51,098	36,042	22,400	17,442
Capital Employed	1,44,919	1,16,213	1,10,047	1,00,983	1,01,194

Key Indicators

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Earning Per Share (₹) ^#	87.51	70.48	80.19	70.47	29.06
Book Value Per Share (₹) ^	412.60	340.74	282.30	317.20	252.58
Debt: Equity Ratio	1.13:1	1.07:1	1.36:1	1.87:1	2.58:1
EBDITA/ Gross Turnover %	13.68%	14.47%	16.22%	13.86%	11.56%
Net Profit Margin %	6.31%	6.15%	6.97%	4.55%	2.06%
Return on Net Worth %	21.21%	20.68%	28.41%	22.22%	11.50%
Return (PBIDT) to Capital Employed %	21.45%	23.39%	27.77%	23.20%	17.62%

^ Fall in FY 2014 due to issue of Bonus Shares.

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

Corporate Information

Board of Directors

Mr. C.S. Nopany - *Executive Chairman*
(*Executive Chairman from 01.07.2015*)
Mr. U.K.Khaitan
Mr. Amit Dalal
Mr. Rajan Dalal
Mr. Rajiv K. Podar
Mr. (Dr.) Mahmoodur Rahman
Mr. Sukhvir Singh (*Resigned w.e.f. 03.11.2015*)
Ms. Sonu Bhasin (*w.e.f. 07.05.2015*)
Mr. Dilip Kumar Ghorawat (*Wholetime Director & CFO*)

Executives

Corporate office

Mr. S.K. Khandelia - *President & CEO*
Mr. Rajeev Jain - *Joint President*
Mr. Dilip Kumar Ghorawat - *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
402 & 403, Pragati House
47-48, Nehru Place
New Delhi 110 019

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.
Pannalal Silk Mills Compound, C-13, Lal Bahadur Shastri
Marg, Subhash Nagar, Bhandup West,
Mumbai 400078
Tel. 022-25946970-78,25963838,25960320
Email id: mt.helpdesk@linkintime.co.in

Bankers

Punjab National Bank
The Jammu & Kashmir Bank Limited
HDFC Bank Limited
State Bank of India
State Bank of Hyderabad
State Bank of Bikaner and Jaipur
Bank of Maharashtra
United Bank of India
IDBI Bank Limited
Bank of Nova Scotia
Societe Generale
Commonwealth Bank of Australia
Abu Dhabi Commercial Bank
ICICI Bank Limited
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



Directors' Report

Dear members

Your Directors are pleased to present their Eleventh Annual Report on the business and operations of your Company along with the audited financial statements for the year ended 31st March, 2016.

1. Financial Results

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

1.1 Highlights of Performance

- Revenue from operations (Gross) stood at ₹227177.34 Lakhs as compared to ₹187858.42 Lakhs in FY 2014-15;
- Profit before Tax for the FY 2015-16 was ₹17602.89 Lakhs as compared to ₹14822.31 Lakhs in FY 2014-15;
- Profit after tax for the FY 2015-16 was ₹14335.84 Lakhs as compared to ₹11545.90 Lakhs in FY 2014-15.

1.2 Financial Results

(₹ in lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Revenue from Operations (Gross)	227177.34	187858.42
Gross Profit	26428.36	21881.21
Less: Depreciation and Amortisation Expenses	8437.70	6990.73
Exceptional Item	387.77	68.17
Taxation:		
- Current	3586.00	3155.00
- MAT Credit (entitlement)/ Utilised	(1806.19)	(300.00)
- Earlier years	-	(2.38)
- Deferred (net)	1487.24	423.79
Profit after Tax	14335.84	11545.90
Add: Balance brought forward from the previous year	40678.69	32304.60
Profit available for appropriation	55014.53	43850.50
Appropriations:		
Proposed dividend	2129.77	1638.29
Corporate dividend tax	433.57	333.52
Transfer to the general reserve	1500.00	1200.00
Balance in statement of profit and loss	50951.19	40678.69
TOTAL	55014.53	43850.50

The Company proposes to transfer an amount of ₹1500 Lakhs to the General Reserves. An amount of ₹ 50,951.19 Lakhs is proposed to be retained in the Statement of Profit and Loss.

2. Dividend

Your Directors are pleased to recommend dividend of ₹13/- per share for the year ended 31st March, 2016, subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be ₹2563.34 lakhs (inclusive of dividend tax).

3. Share Capital

The paid up Equity Share Capital as on March 31, 2016 was ₹1,638.29 lakhs comprising of 16382862 Equity Shares of ₹10/- each. During the year under review, the Company has not issued any further shares to the members or general public.

4. Finance

4.1 Cash and cash equivalents as at 31st March, 2016 was ₹233.18 Lakh. 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.

4.2 Rating

Your Company rating has been upgraded/reaffirmed by CARE and India Ratings and Research Private Ltd (Fitch Group) as under:-

- i. a) **CARE AA- (Double A Minus)** for Long-Term Bank facilities (Term Loan/Fund based) from CARE A+ (Single A Plus) which indicates high degree of safety regarding timely servicing of financial obligations and such facilities carry very low credit risk
- b) **CARE A1+ (A One Plus)** for Short-Term Bank facilities (Fund based/Non-Fund based) and Commercial Paper which indicates a very strong degree of safety regarding timely payment of financial obligations and such facilities carry lowest credit risk
- ii. a) **'IND AA-'** with stable Outlook for Long-Term Issuer Rating and Bank facilities from 'IND A+' with stable Outlook which indicates high degree of safety regarding timely servicing of financial obligations and such facilities carry very low credit risk
- b) **'IND A1+'** for Short term bank facilities from 'IND A1' which indicates a very strong degree of safety regarding timely payment of financial obligations and such facilities carry lowest credit risk.

4.3 Deposits

The Company has discontinued its Fixed Deposit Scheme with effect from 31st March, 2014 and has not accepted Deposits from the public falling within the ambit of Chapter V of the Companies Act, 2013. As on March 31, 2016, there were no unclaimed/outstanding deposits or accrued interest with respect to deposits.

4.4 Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

5. Expansions and Acquisition, and other Capital Projects

The financial year under review witnessed a great deal of expansion activities carried out by your company through organic as well as inorganic means. The details of the expansion projects are given as under:

5.1 Acquisition of Birla Textile mills (BTM)

The transaction for acquisition of Birla Textile Mills (BTM) as a going concern on slump sale basis has been successfully concluded on September 30, 2015 on receiving statutory approvals and payment consideration of ₹232.63 crore less term loans. The effective date of acquisition is 1st April 2015. BTM, has a capacity of 83,376 spindles manufactures cotton, synthetic & blended yarn in Grey & dyed form. Post-acquisition spinning capacity enhanced and stands at 377,688 spindles as on 31st March, 2016.

5.2 Value Added Cotton Melange and Cotton Blended Dyed Yarn Expansion Project at RTM, Bhawanimandi

The Company is in the process of implementing a major expansion project of 35,280 spindles at its Bhawanimandi unit to manufacture value added cotton mélangé and cotton blended dyed yarn involving a capital outlay of about ₹270 crore. The company has spent approximately ₹64 crore on this project during the year. Post this expansion, the Company's total yarn spinning capacity will reach at 412,968 spindles. The addition of the new capacity will enable the Company to further strengthen its position as a leading player in the niche Cotton Mélangé and cotton blended dyed yarn segment.

5.3 Expansion of Operations at Damanganga Home Textiles, Daheli, Bhilad

Your Company is expanding the operations at one of its units viz. Damanganga Home Textiles, Daheli, Bhilad Gujarat at a cost of



₹88.50 crore. The project is under implementation and will be completed in phases by the end of FY 2016-17. The same will result in increasing its capacity in existing facility to 9.6 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.

5.4 Modernisation

Further, the Company has spent ₹96 Crores on modernization, balancing equipments and debottlenecking at all its units during 2015-16. The capital purchases were financed by internal accruals and term loans from Banks.

6. Directors

6.1 The company's Board of Directors comprises Eight members, Six of whom are Non-executive Directors and two Executive Directors viz., Executive Chairman and Wholetime Director. The Non-executive Directors are eminent professionals with vast experience of industry, finance and law.

6.2 Meetings of the Board

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

6.3 All the Independent Directors of the Company have been appointed for a term of 5 consecutive years from the date of their appointment / regularization in the Annual General Meeting. All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Listing Regulations, 2015.

6.4 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 its Board Committees. The manner of evaluation has been explained in the Corporate Governance Report.

6.5 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 Eleventh Annual General Meeting.

6.6 Shri Sukhvir Singh ceased to be Director of the Company w.e.f. close of work on 03rd November, 2015.

6.7 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 Remuneration Policy is stated in the Corporate Governance Report and is also available on the Company's Website. 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://sutlejt看textiles.com/pdf/policy/Remuneration-Policy.pdf>

6.8 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://sutlejt看textiles.com/pdf/policy/FamiliarisationPrograme.pdf>

7. 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, 2016, 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, 2016 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.

8. 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, except Acquisition of Birla Textile Mills (a Division of Chambal Fertilisers and Chemicals Ltd.) by virtue of Shri C. S. Nopany being Director in your Company as well as Chambal and holding more than two percent of equity shares alongwith his relatives in Chambal Fertilisers and Chemicals Ltd.

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 Accounting Standards (AS18) 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/pdf/policy/Policy-on-Related-Party-Transactions.pdf>

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

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

10. Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Regulation 22 of Listing Regulations, 2015 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. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://sutlejtextiles.com/pdf/policy/Whistle-Blower-Policy-adopted-13.05.14.pdf>

11. Auditors Report

The Notes on Accounts and the observations of the Auditors in their Report on the Accounts of the Company are self-explanatory and in the opinion of the Directors, do not call for any further clarifications.

12. Auditors

12.1 Statutory Auditor

The Company's Auditors, M/s. Singhi & Co., Chartered Accountants, Delhi (Reg No. 302049E) who retire at the ensuing Annual General Meeting of the Company are eligible for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company. As required under the Listing Regulation, 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

12.2 Branch Auditor

The Company's Branch Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Reg No. 301003E), retire at the conclusion of Annual General Meeting and are eligible for re-appointment. Requisite Consent and Certificates from the Auditors have been received to the effect that their re-appointment, if made, would be within the limits prescribed under Chapter X of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 under the said Act. Further, they also hold a valid certificate issued by the Peer Review Board of the ICAI as required under Regulation 33 of listing Regulation, 2015.

12.3 Internal Auditors

The Board of Directors upon the recommendation of the Audit Committee of the Board on 11th May, 2016 has appointed M/s. Vaish & Associates, Chartered Accountants (FRN:005388N) as Internal Auditors of the Company. They have confirmed their eligibility and has granted consent to act as Internal Auditors of the Company.

12.4 Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. K. G. Goyal & Associates, Jaipur (Reg No. FRN-000024) to audit the cost auditing records relating to Company's units Rajasthan Textile Mills, Chenab Textiles Mills, Birla Textile Mills and Damanganga Home Textiles for the financial year 2016-17 on a remuneration of ₹1.70 lakhs (excluding service tax). 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 Annual General Meeting.



12.5 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 Company appointed M/s. R. Chouhan & Associates, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year under review. The Audit Report annexed along with observations of the Auditor is self-explanatory and, does not call for any further clarification.

13. Business Risk Management

Pursuant to Regulation 17(9) of the Listing Regulation, 2015 the Company has laid down a framework to inform the Board about the particulars of risk assessment and minimization procedures. These procedures are reviewed by the Board annually to ensure that executive management controls risk through the mechanism of a properly defined framework.

The Company has a robust Business Risk Management framework to identify, evaluate, access business risks and their impact thereupon. The key business risk elements identified by the Company and bifurcated under different Heads are as under:

- I. **Operations:** This head includes risk elements such as Non-availability of Labour, Labor Unrest, Non-availability of Power, Non-Availability of Water, Breakdown, Non-availability of Competent Personnel, Pollution Control, Legal Compliance, Safety, Logistics / Transport, Machinery Spares and Equipment Issues, etc.
- II. **Raw Materials:** This head covers Cost of Raw Materials, Non-Availability of Raw Materials, etc.
- III. **Financial:** This head covers risk elements such as Dwindling Financial Ratios, Foreign Exchange Fluctuations, Drop in Credit Rating, Investor Relations, Fraud, Inadequate Insurance, etc.
- IV. **Market:** This head includes risk elements such as Price of Finished Products, Demand Supply Mismatch, Substitute Products, Bad Debts, Service / Product Complaints, Brand Image, etc.

Each element of Risk mentioned above is measured on a scale of 100, based on the probability of risk and based on such assessment, the risk is further classified under 6 categories from "A" to "F" where "A" denotes highest risk perception and "F" denotes lowest risk perception.

The Impact of each element of assessed risk is also measured on a scale of 100 in terms of impact on profits of the Company and is further classified under 6 categories from "A" to "F" as mentioned above.

14. Internal Financial Control System

The Company has a robust and comprehensive Internal Financial Control system commensurate with the size, scale and complexity

of its operation. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The Company has performed an evaluation and made an assessment of the adequacy and the effectiveness of the Company's Internal Financial Control System. The Statutory Auditors of the Company have also reviewed the Internal Financial Control system implemented by the Company on the financial reporting and in their opinion, the Company has, in all material respects, adequate Internal Financial Control system over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as on 31st March, 2016 based on the internal control over Financial reporting Criteria established by the Company.

The policies and procedures adopted by the company ensures the orderly and efficient conduct of its business and 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 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.

Audit committee meets regularly to review reports submitted by the Internal auditors. The Audit Committee also meet 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.

15. 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, in terms of the Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is given in "Annexure I", to this report.

16. 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, 2015, by way of "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. The Company fully complies with the governance practices as enunciated in the Listing Regulations, 2015. As per the Listing Regulations, 2015 with stock exchanges, and the requirements set out by the Securities and Exchange Board of India, the Company has implemented all the stipulations prescribed. The Company has adopted a Code of Conduct, which is applicable to the Board members and senior management, in accordance with Regulation 26(3) of the Listing Regulations, 2015. The Report on Corporate Governance as stipulated under Regulation 27 of the Listing Regulations, 2015 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 as stipulated under the aforesaid Regulation 27 of the Listing Regulations, 2015, is annexed to the Report on Corporate Governance. The General Shareholders Information annexed to the Report forms a part of the Report.

18. Corporate Social Responsibility

As a responsible corporate citizen, your Company continue to be partners in growth, aligning our initiatives with the local government's campaigns for social empowerment, such as Swachh Bharat, etc. The Company believes that the ultimate objective of your Company is to benefit local communities through initiatives, which contribute to nation building.

Your Company had formed a Corporate Social Responsibility ("CSR") Committee in conformity with Section 135 of the Companies Act, 2013 and Rules made thereunder 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. The CSR Committee had 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 which may be accessed on the Company's website at the link: <http://sutlejtextiles.com/pdf/policy/SUTLEJ-CSR-Policy-2014-Adopted-13.05.2014.pdf> A report

on CSR activities as prescribed under the Companies Act, 2013 and Rules made thereunder is annexed herewith as "Annexure IV".

19. Prevention of Sexual Harassment at Workplace

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC) at its workplaces. During the year, no complaints were filed with the Company.

20. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure V".

21. Particulars of Employees

The information required pursuant to Section 197 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 as "Annexure VI", which forms part of the Report.

22. Acknowledgements

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the various stake holders 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 : New Delhi
Dated : 11.05.2016

(C.S. Nopany)
Executive Chairman



Annexure-I to the Directors' Report

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.

Annexure – I

A) Conservation of Energy

1) Energy Conservation measures taken:

Conservation of energy is an essential step towards overcoming energy crisis, environmental degradation & global competitiveness. The Company is making continuous efforts to conserve energy by affecting process & machinery modifications, implementation of technological advancements, development of newer methods, maintenance, waste heat recovery etc. These measures lead 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 2015-16 with a view to reduce cost of energy and consequently the cost of production:

Spinning

- a) Replacement of 8550 Nos. Ordinary Tube lights with LED lights at a cost of ₹68 lakhs resulting in saving of 2555 kWh/day and ₹49 lakhs per annum.
- b) Replacement of 26 Nos old fans of WCS with energy efficient fans at the cost of ₹144 lakhs resulting in saving of 3725 kWh/day and ₹52 lakhs per annum.

- c) Replacement of 33 sets of old DC motors of Trumac Cards with energy efficient AC motors at a cost of ₹37 lakhs resulting in savings of 799 kWh/day which resulted in saving of ₹10 lakhs per annum.
- d) Replacement of 20 Nos of old motors with energy efficient motors at a cost of ₹9 lakhs resulting in savings of 194 kWh/day and ₹5 lakhs per annum.
- e) Replacement of 60 Nos. old Humidification plant fans and motors with energy efficient fans and motors at a cost of ₹77 lakhs resulting in savings of 1111 kWh/day and ₹30 lakhs per annum.
- f) Replaced 2 Nos. old Compressors with new at a cost of ₹41 lakhs resulting in savings of 600 kWh/day and ₹13 lakhs per annum.
- g) Various other misc measures taken at the cost of ₹7 lakhs resulting in savings of 704 kWh/day and ₹11 lakhs per annum.

Home Textiles

- a) Installed Water Chiller Air conditioning system in place of Humidification plant at a cost of ₹128 lakhs which resulted in savings of 324 kWh/day and ₹9 lakhs per annum.
- b) Replacement of 8 Nos. 120 W LED & 70 Nos 30w LED at a cost of ₹3 lakhs which resulted in savings of 34 kWh/day and ₹1 Lakh per annum.
- c) Various other measures taken in earlier years are continuing.

FORM – A

A) Power and Fuel Consumption:

1. Electricity:			
(a)	Purchased:	2015-2016	2014-2015
	Units (in lakhs)	3980.94	2871.77
	Total Cost (₹ in lakhs)	16283.58	11056.37
	Rate/Unit (₹)	4.09	3.85
(b)	Own Generation:		
	(i) Through Diesel Generators		
	Units (in lakhs)	13.33	12.85
	Units per litre of Diesel Oil (KWH/Ltr.)	3.31	3.55
	Cost/Unit (₹)	13.70	15.08
	(ii) Through Furnace Oil Generators		
	Units (in lakhs)	13.84	2.19
	Units per litre of Furnace Oil	3.88	3.01
	Cost/Unit (₹)	8.60	14.37
	(iii) Through Thermal Power Plant		
	Units (in lakhs)	236.87	309.29
	Units per MT of Coal (including lignite)	832.48	846.36
	Cost/Unit (₹)	5.00	3.90
2. Coal - (a) Steam Coal			
	Quantity(Tons)	17283.77	14636.97
	Total Cost (₹ in lakhs)	859.98	742.91
	Average Rate (₹)/ Ton	4975.65	5075.55
	(b) Pet Coke		
	Quantity(Tons)	12538.24	10410.00
	Total Cost (₹ in lakhs)	1191.61	1147.45
	Average Rate(₹)/ Ton	9504.00	11022.54
3. Furnace Oil			
	Quantity (Kilo Litres)	357.14	72.95
	Total Cost (₹ in lakhs)	119.07	31.51
	Average Rate (₹ Per Kilo Litre)	33339.87	43193.97

**(B) Consumption per unit of production:**

	2015-2016	2014-2015
Production :		
Electricity Per Ton of Yarn Production (Units) @	4295	4144
Coal per Ton of Yarn Production (Tons) #	0.261	0.225
Pet Coke per Ton of Yarn Production (Tons) #	0.177	0.211
Electricity per thousand meters of Grey fabrics(units)	0	666
Electricity per thousand meters of Processed fabrics(units)	261	287
Electricity per thousand meters of Home Furnishings (units)	1014	1056
Coal per thousand meters of processed fabrics (Tons)	0.51	0.47

@ depends on count, ply, dyed or grey etc.

depends on quantum of dyeing

2. Energy Conservation plan for 2016-17**Spinning**

Following measures are contemplated to save energy consumption during the year 2016-17:

- To renovate Compressed air line to block leakage at a cost of ₹20 lakhs, which is expected to result in saving of 3000 kWh/day and ₹66 lakhs per annum.
- To replace 8000 nos. FTL by LED lights at a cost of ₹55 lakhs, which is expected to result in saving of 2304 kWh/day and ₹59 lakhs per annum.
- To install inverters on H Plant supply & return air fan in TFO shed at a cost of ₹28 lakhs which is expected to result in saving of 768 kWh/day and ₹8 Lakhs per annum.
- To replace existing Supply and Return Air Fan and motors with energy efficient fans and motors in H Plant at a cost of ₹87 lakhs which is expected to result in saving of 2450 kWh/day and ₹57 lakhs per annum.
- To replace 82 Nos old 25 KW low efficiency motors with energy efficient motors at a cost of ₹49 lakhs which is expected to result in saving of 809 kWh/day and ₹9 lacs per annum.
- To replace Main Centrifugal fan in WCS with energy efficient fans and motors at a cost of ₹46 lacs which is expected to result in saving of 1608 kWh/day and ₹45 lakhs per annum.
- To replace 2 Nos old Waste Collection System of Carding and Blow Room with new energy efficient system at a cost of ₹120 lakhs which is expected to result in saving of 2025 kWh/day and ₹22 lacs per annum.
- To upgrade Condensate recovery system and to install Ash-refiring system in Boiler at a cost of ₹50 lakhs which is expected to result in saving of 407 M.T Pet Coke and savings of ₹33 Lakhs

per annum.

- To install invertors on 19 Nos. Ring Frame at a cost of ₹35 lakhs which is expected to result in saving of 1070 kWh/day and ₹25 lakhs per annum.
- To Install Heating conversion from Electricity to Steam on Wartsila Aux. at a cost of ₹7 lacs which is expected to result in saving of ₹10 lakhs per annum.

Home Textiles

- To replace 7 old motors by energy efficient motors at a cost of ₹10 lakhs which is expected to result in saving of 33 kWh/day and ₹1 lakh per annum
- To replace humidification system with water chiller air condition system at a cost of ₹150 lakhs which is expected to result in saving of 504 kWh/day and ₹13 lakhs per annum.
- To replace 250 Nos. FTL 36w to 20w LED tubes at cost of ₹2 Lakhs which is expected to result in saving of 96 kwh/day and saving of ₹3 Lakhs per annum.
- To replace existing Steam and condensate line at the cost of ₹50 lakhs which is expected to result in saving of ₹36 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)****B) Technology Absorption****1) Research and Development (R&D)**

Spinning

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

The Company 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, ie., AFISPRO – LMNT, Classimat – 5 Yarn Fault Classifying System, Lab Expert System all from Uster, Lab Dyeing and Sample Development Systems including Auto Dispenser, Beaker Dyeing machines etc. Besides, Company has full-fledged Yarn Development Centers separately for cotton mélange yarns and synthetic yarns. These centers have machines from Blowroom to Finishing for quick preparation of samples of new yarn. 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 Company is also having ISO9001-2008, Usterised, Oeko-Tex and GOTS/EKO & Organic Exchange Certificate.

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 is going to set up one more Mélange Development Centre To purchase 1 no. Masdan miniature machine, New Melange development centre, Further Company also intends to install one miniature lab of small sample of Yarn.

Home Textiles

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

The Company has full-fledged design and development centre for development of new designs of Home Textile products having different basic material, colours, weave, textures, design etc as per new trends and requirement of Customers. During the year many new varieties were developed and produced, the centre is manned by professional designers and most sophisticated imported design softwares are being used. Besides Company has all required hardware and software facilities for development of new varieties of Home Textile products.

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

These measures have helped in production of value added varieties having designs as per latest trends.

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.

d) Expenditure incurred towards R&D (₹ In lakhs)

		2015-16
a)	Capital	219.97
b)	Recurring	269.80
c)	Total	489.77
d)	Total R&D Expenditure as a percentage of Total Turnover	0.220%

2) Technology Absorption, Adaptation and Innovation Spinning

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

- Incurred ₹1647 lakhs on replacement of old technology, plant machinery & equipments.
- Incurred ₹2924 lakhs on addition & modifications of existing plant and machinery.
- Incurred ₹517 lakhs on purchase of machines and equipment for debottlenecking.

Home Textiles

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

- Incurred ₹161 lakhs on replacement of old technology, plant machinery & equipments.
- Incurred ₹1762 lakhs on addition of latest technology machines and equipments under Expansion Programme.
- Incurred ₹33 lakhs on purchase of machines and equipments for debottlenecking.

5) Foreign Exchange Earnings & Outgo

- 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 performances. The Company is conscious of the challenges posed by the international market and will continue to take steps towards developing exports and concentrate on products with the widest acceptability in the export market.

b) Total foreign exchange earned and used (₹ In lakhs)

		2015-16
i)	Foreign Exchange Earned	57327.23
ii)	Foreign Exchange Used	4977.55



Annexure-II to the Directors' Report

Management discussion and analysis

Global economic overview

Global economic growth was pegged at 3.1% in 2015, marginally lower than in 2014. It is expected to grow to 3.2% in 2016 and 3.5 in 2017. The slowdown in emerging economies has been attributed to freefalling commodity prices, rebalancing in China, plummeting oil prices and challenging macroeconomic factors. (Source: IMF)

Oil prices saw a marked decline in September 2015, reflecting expectations of increase in production by OPEC members amid a steadily widening skew between global oil production and consumption. Future markets are currently suggesting only modest increases in prices in 2016 and 2017. Prices of other commodities, especially metals, have fallen as well.

The United States remains resilient, supported by improving financial conditions and strengthening housing and labour markets, but with dollar strength weighing all too heavily on manufacturing activity, investment in mining structure and equipment segments has curtailed.

According to World Bank estimates, China grew at an estimated 6.9% in 2015 and is pegged to grow at a rate of 6.7% in 2016 and 6.5% each in 2017 and 2018. Meanwhile, Russia and Brazil are projected to remain in recession in 2016.

Although economies that are dependent on commodity exports may suffer, lower input prices for industry as well as lower fuel prices for households will provide a boost to

aggregate demand and global growth.

As per IMF, global growth is expected to strengthen from 2017 aided by the gradual increase in the global weight of fast-growing countries such as China and India.

India's growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

World trade

The World Trade Organization (WTO) trimmed its 2016 global trade growth forecast by 1.1 percentage points, saying a slowdown in China and broad market volatility continued to weigh on growth.

The multilateral trade body has now predicted that global trade would rise by 2.8% in 2016, lower than its previous forecast of a 3.9% expansion announced in September, 2015. This will be the fifth straight year of trade growth below 3%, which is also much lower than the average annual expansion of 5% since 1990. The WTO has estimated global trade growth at 2.8% for 2015. However, global trade could rise 3.6% in 2017, owing to increased demand for imported goods in Asia.

Risks to this forecast are mostly on the downside, including a sharper-than-expected slowing of the Chinese economy, worsening financial market volatility, and

exposure of countries with large foreign debts to sharp exchange rate movements. There is some upside potential if monetary support from the European Central Bank succeeds in generating faster growth in the euro area.

The trade slowdown in India and China is related to the decline in investment growth across emerging market economies, which reflects rebalancing in China but also the sharp scaling down of investment in commodity exporters, particularly those facing difficult macroeconomic conditions. Though India has benefitted from falling global oil prices given its status as a net importer of crude oil, its trade balance has not improved much, given that Indian exports have been contracting for 15 consecutive months.

(Source: <https://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf>)

Indian economic overview

Gaining momentum, India was positioned as the fastest growing major economy with a five-year high growth rate of 7.6 per cent for the full fiscal 2015-16 on robust manufacturing growth.

Enthused by the impressive numbers for 2015-16, as against 7.2 per cent in previous fiscal, the government expects that the growth rate can go up to 8 per cent in the current fiscal on the back of good monsoon. The industry expressed hope that better monsoon and further reforms will help expand the economy at even a faster pace.

The country has overtaken China since 2014-15, becoming the fastest growing economy in the world. The World Economic Outlook report noted that in India, monetary conditions remain consistent to achieve the inflation target of five per cent in the first half of 2017, although an unfavourable monsoon and an expected public-sector wage increase pose upside risks. However, India Meteorological Department has predicted the monsoon to be above normal in 2016. According to the new concept of Gross Value Added (GVA), farm sector grew at 1.2 per cent in 2015-16 as against contraction of 0.2 per cent in the previous fiscal. The manufacturing sector accelerated to 9.3 per cent, up from 5.5 per cent in the previous fiscal. However, the mining and quarrying segment recorded a growth of 7.4 per cent in FY2016, down from 10.8 per cent in the previous fiscal.

In the current year, the rupee values of both exports and imports (of goods and services) are projected to decline; the former on account of the sluggish global demand and the latter due to steep decline in international crude oil and commodity prices. In the wake of a reined in inflation and improved GDP growth, the Reserve Bank of India has reduced the repo rate twice during the year to 6.5%. The CPI inflation rate has eased to 4.8% in March' 2016 as compared to 5.3% in March' 2015 along with a cumulative growth of 2% in Industrial Production during FY16 over FY15 as per Index of Industrial Production (IIP) data.

However, the rural economy did not perform well this year because of the abysmally low rainfall. Also, the absence of any major infrastructural initiatives has stifled economic growth. Hence, a good monsoon would increase rural consumption

by dampening price pressures and opening up further space for monetary easing. Stressed farm incomes have led to slump in rural wages. Back to back droughts has lowered incomes of farmers and labourers. Lower agricultural growth means fall in rural demand for goods. It has also caused textile output to fall by 0.6%.

The Central Government has taken a number of steps to attract domestic and foreign investments with strong focus towards promoting "Make in India" policy and building world class infrastructure. Additional structural reforms to address legacy impediments to growth like GST implementation, Ujjwala scheme for providing LPG below BPL, implementation of the recommendations of the 7th pay commission, strengthening of the Banking Sector, education and revised policy on 'Housing for all' etc could help sustain the strong pace of growth in the coming years. Innovation in product, design, brand, channels along with re-engineered business processes will help companies be ready for future growth opportunities. Once embraced, they can quickly outsmart competition.

India trade

India's rank remained unchanged at 19th in 2015 in the list of top 30 merchandise exporters of the world, according to a WTO report. China continues to hold the top position in the list.

China registered the highest merchandise trade by value in 2015 with USD 2,275 billion worth of exports. Total world merchandise exports were USD 16,482 billion whereas imports were USD 16,766 billion

India's exports dipped by 17.2 per cent to USD 267 billion last year while imports aggregated at USD 392 billion. In 2014,

the countries' outbound and inbound shipments aggregated at USD 317 billion and USD 460 billion respectively.

Slowdown in the global demand hit India's exports in 2015 and even in the current year the exports are in the negative zone.

However, India's ranking among top importers slipped by one notch to 13th in 2015, from 12th in previous year. In imports, the US topped the list.

An overview of the global textile and apparel industry

Global nominal sales of textiles and clothing declined by 4% in 2015 crippled by unusually low commodity prices and currency depreciations, particularly in the emerging markets. As these economies account for about 80% of the global output, poor economic prospects in Brazil and Russia as well as the Chinese economic restructuring will continue to bear down on the sector. It is expected that gross output would decrease by 1% in 2016. However, the financial health of textile and clothing companies has improved between 2011 and 2014: net debt now represents only 53% of the equity. This improvement however must be taken with a grain of salt, as it is mostly attributable to investments drying up rather than a strengthening equity. As such, capex investments are forecast to decrease by 1%.

Long-term demand is predicted to stay resilient owing to the rising middle-class incomes in the emerging markets and supply costs steadying owing to a greater dependence on man-made fibres, whose prices are less volatile than those of cotton or wool. A decline of 15% in cotton prices in 2015 didn't prevent fabric producers to be swayed by man-made fibres. On the whole, profitability was weakened by volatile raw material prices and rising wages. Changing consumer behaviours forced textile and



apparel companies to become more flexible.

Looking forward, domestic demand will be fueled by population growth (+500 million inhabitants by 2020) and higher incomes that will substantially increase household purchasing powers. GDP per capita is expected to keep rising, increasing by +4% annually between 2015 and 2020. (Source: <http://www.eulerhermes.com/mediacenter/Lists/mediacenter-documents/Textile-Global-Report.pdf>)

American textile industry

In 2015, the value of American shipments (man-made fibres and filaments, textile, and apparels) totaled \$76 billion – increasing by almost 14% since 2009. American exports of fibres, yarns, and fabrics totaled \$21.6 billion alone in 2015, making America the fourth largest exporter of fibre and textile products in the world.

Growing capital expenditures also are a clear sign of the textile industry's positive outlook. The textile and apparel sector spent \$2 billion on capex investments in 2014. Capacity utilisation for textile mills improved by 39% since 2009 as compared to an increase of 19.5% for textile products mills and 3% for apparel. Capacity utilisation for textile mills outclassed the overall American manufacturing sector output during three out of the four quarters of 2015. This demonstrates that the textile industry is no longer a negative outlier within the American manufacturing sector.

Wrapping up, the fundamentals for the industry are sound. That does not mean, however, that the industry is bereft of challenges. The sector has begun to see changes in demand as the global economic struggles continue to exacerbate. Thus, dedicated strategies need to be codified for weathering difficult market conditions.

(Source: <http://www.textileworld.com/textile-world/features/2016/05/2016-state-of-the-us-textile-industry/>)

Chinese textile industry

China's textile exports fell by 5% (to \$286.8 billion) for the first time in six years in 2015, dragged down by sharp depreciations in the values of the yen and euro, rising domestic labour costs as well as an increase in overseas investments.

Also the decreasing quality of domestic cotton has forced enterprises to largely import cotton from India and Pakistan. Additionally, weak domestic consumption, shortage of orders, increasing manpower and energy costs, and stricter environmental controls have left Chinese textile companies with their backs against the wall.

In such a backdrop, the Chinese textile industry is looking to transform itself by leveraging new-age technologies and fine-tuning business models so as to encompass the whole value chain – from cotton picking to spinning, weaving and dyeing.

With China undergoing an economic transformation, cutting-edge facilities are mushrooming in the developed coastal regions to replace labour-intensive textile setups. Many labour-intensive Chinese industries had already shifted to South East Asian countries as the labour costs there were 4-5x cheaper. (Source: <http://www.chinadaily.com.cn/>; <http://asia.nikkei.com/>)

European textile industry

Overall, the European textile and clothing industry increased sales by 1% during the first nine months of 2015 according to Euratex. Clothing (+1.5%) fared better than textiles (+0.5%). Retail sales, meanwhile, saw an increase of 2.7%. However, the figures varied from country to country. Thus, for example, sales declined in Bulgaria, Finland,

Austria, Germany and the Netherlands while the other EU countries saw an increase.

While exports outside the EU28 increased, imports more than tripled. Imports from outside the EU28 surged in 2015 with an overall increase of 10.2%. The chief beneficiaries included: Bangladesh (+24%), Pakistan (+19%), China (+9%) and India (+8%). Exports outside the EU28 rose slightly less for imports (+3.8%). Sales progressed in particular to the US (+21%), Hong Kong (+18%) and China (+12%). However, they declined significantly for Russia (-29%). (Source: <http://corporate.europages.co.uk/news/textiles-and-clothing-the-european-industrys-2015-figures/>)

Indian textile industry

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and a skilled workforce has allowed India to cement its identity as a vital sourcing hub. With the emergence of 'Smart Cities', improvement in technology and a substantial development in international trade have brightened prospects for the vertical. As such, the Indian textile industry, currently estimated at around US\$ 108 billion, is expected to go past the US\$ 223 billion-mark by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly. (Source: TEXPROCIL)

The close linkage of the textile industry to agriculture (for raw materials such as cotton) makes the Indian textiles sector unique in comparison to those of other countries. The textile industry (including dyed and printed) attracted FDI worth US\$ 1.77 billion during April 2000 and September 2015.

Cotton industry

Global scenario

Global harvested area in 2015-16 was estimated at 76.4 hectares million acres, 7.7 million acres less than the previous season. China's cotton production was projected at 23.8 million bales, nearly 21% below the previous year. This marked the third consecutive annual decrease as area under cultivation declined for the fourth year straight. Australia's cotton production in 2015-16 rebounded by 9% to reach 2.5 million bales.

Global cotton trade stood at 34.9 million bales, 500,000 bales lower than the previous cotton year and the lowest since 2008-09. The reduction was mainly due to reduced import demands in China – a decline of more than three million bales. However, this was

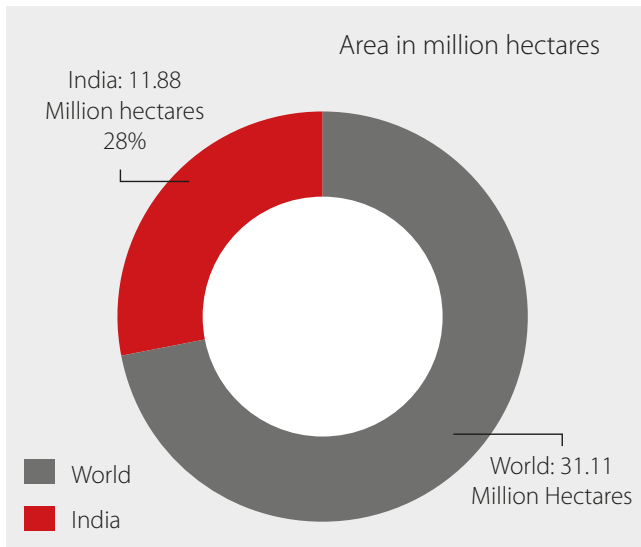
more or less offset by increased imports in other countries like Bangladesh, Vietnam, Turkey and Pakistan. Bangladesh emerged as the leading cotton importer in 2015-16 (5.75 million bales). (Source: <http://www.fibre2fashion.com/news/textile-news/2015-16-world-cotton-output-to-be-100-2mn-bales-usda-178349-newsdetails.htm>)

Indian scenario

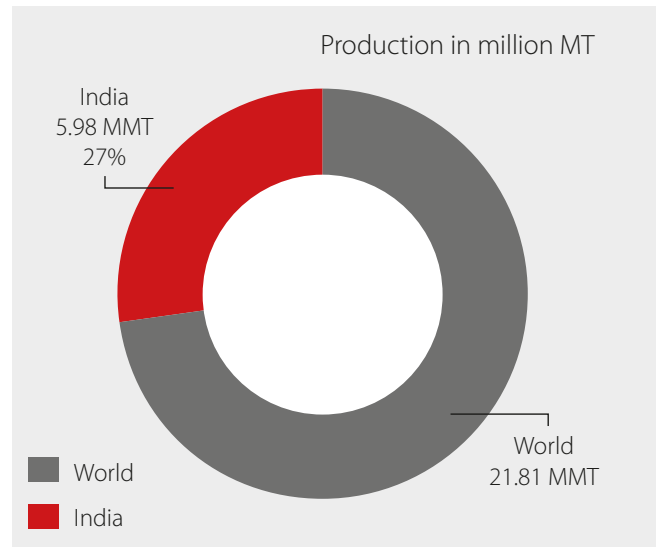
India is the 2nd largest producer of cotton in the world accounting for about 27% of the world cotton production. It has the distinction of having the largest area under cotton cultivation in the world ranging between 11.9 million hectares to 12.8 million hectares and constituting about 38% to 41% of the world area under cotton cultivation. The yield per hectare (ranging from 504 kilograms to 566 kilograms per hectare) is however still lower against the world average

(of about 701 kilograms to 766 kilograms per hectare).

The cotton season 2015-16 witnessed a reduction in the production as well as consumption of cotton in the country. The decline in consumption was somewhat offset by the decrease in cotton production. Crop damage in the Northern India due to the whitefly attacks remained a cause of concern. The Cotton Advisory Board projected cotton production during 2015-16 at 352 lac bales of 170 kilograms each, declining from 380 lac bales in 2014-15. The area under cultivation also declined from 128.19 lac hectares to 118.81 lac hectares. Cotton consumption witnessed a decline from 304.83 lac bales to 300 lac bales. However, the decadal consumption almost doubled from 154 lac bales in 2002-03. (Source: <http://cotcorp.gov.in>)



Crop year 2015-16 (P)*	World	India
Area in million hectares	31.11	11.88



Crop year 2015-16 (P)*	World	India
Production in million metric tonnes	21.81	5.98

P - Projected
(Source: CAB; ICAC)

**Yarn production**

(in million kilos)

Name of the Variety	2010-11	2011-12	2012-13	2013-14	2014-15	2014-15 (April-October)	2015-16 (April-October)
Cotton	3,490	3,126	3,583	3,928	4,055	2,328	2,436
Growth	13%	-10%	15%	10%	3%		5%
% share	74%	72%	74%	74%	74%	74%	73%
Blended	796	789	828	896	920	530	558
Growth	13%	-1%	5%	8%	3%		5%
% share	17%	18%	17%	17%	17%	17%	17%
100% non-cotton	426	457	456	485	513	300	322
Growth	5%	7%	NIL	6%	6%		7%
% share	9%	10%	9%	9%	9%	9%	10%
Total	4,712	4,372	4,867	5,309	5,488	3,158	3,316
Growth	12%	-7%	11%	9%	3%		5%

(Source: Ministry of Textiles)

Production of man-made fibres, filament yarns, spun yarns and clothes

(Figures in million)

Period	Man-made fibres kilograms	Man-made filament yarns kilograms	Cotton yarns kilograms	Blended and 100% non-cotton yarns kilograms	Total spun yarn kilograms	Cloth		
						Mill sector square metres	Decentralised sector square metres	Grand total (including mill sector) (excluding khadi, wool and silk) square metres
						2011-12	1,234	1,463
2012-13	1,263	1,371	3,583	1,285	4,868	2,418	59,531	61,949
2013-14	1,307	1,293	3,928	1,381	5,309	2,531	60,093	62,624
2014-15	1,344	1,248	4,055	1,433	5,488	2,486	61,846	64,332
2015-16 (P)	1,347	1,164	4,136	1,525	5,661	2,313	62,603	64,916
2016-17 (Apr) (P)	113	93	357	135	492	179	5,566	5,745
2015-16 (Apr) (P)	112	104	351	121	472	196	5,417	5,613
% Variation	0.9	-11.0	1.7	11.6	4.2	-8.7	2.8	2.4

(P) - Provisional

(Source: Ministry of Textiles)

Exports

The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17) period envisages India's exports of textiles and clothing to reach US\$ 64.41 billion by the March 2017. The textiles industry accounts for a 13% share of the country's total exports revenues. India is major exporting country as far as the textile sector is concerned.

India's Textile & Apparel Exports

(in US\$ million)

Export Category	2012-13	2013-14	2014-15	2015-16	Growth (FY15 to FY16)	CAGR (FY13 to FY16)
Readymade Garment	12,398	14,446	16,222	16,452	1.4%	9.9%
Cotton Textiles	11,272	13,728	11,754	11,134	-5.3%	-0.4%
Man-made textiles	5,046	5,781	5,827	5,213	10.5%	1.1%
Wool & Woolen textiles	415	435	510	462	-9.4%	3.6%
Silk	404	396	447	344	-23.1%	-5.2%
Handloom Product	515	373	370	369	-0.3%	-10.6%
Carpets	988	1,178	1,361	1,442	6.0%	13.4%
Jute	390	400	367	577	57.3%	13.9%
Coir and Coir Manufacturers	196	230	285	262	-8.2%	10.0%
Handicrafts (excl.carpets)*	2,289	2,854	3,048	3,247	6.5%	12.4%
Textiles	21,516	25,375	23,967	23,049	-3.8%	2.3%
Apparel	12,398	14,446	16,222	16,452	1.4%	9.9%
Textile and Apparel	33,914	39,821	40,189	39,501	-1.7%	5.2%
All Commodity	300,401	314,405	310,338	262,004	-15.6%	-4.5%
Share of Textile and Apparel in Total Exports	11%	13%	13%	15%		

Source: DGCI&S; *EPCH data

Home textiles

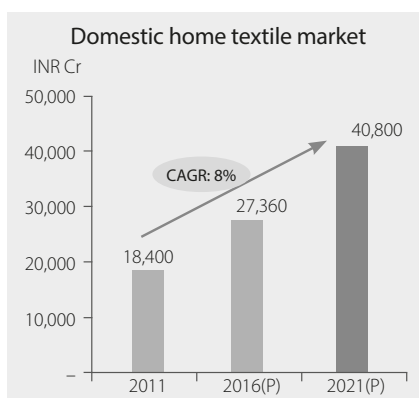
India is globally recognised for its wide variety and exquisite designs in the realms of home textiles and furnishing fabrics. A booming affordable housing sector and a visible growth in employment opportunities have enhanced disposable incomes in the hands of young consumers. The result: demand for

home textile products grew over 40% over the last five years.

India's home textile industry is expected to expand at a CAGR of 8% to reach ₹40,800 crore in 2021 from ₹27,360 crore in 2016 supported by growing household incomes, increasing population and increasing demand from housing, hospitality and

healthcare sectors.

The per capita consumption of home textiles abysmally low in India compared even with developing markets like Brazil and China. Annual per capita consumption of home textiles is about US\$3 (About ₹150) in India compared to world average of US \$23 (About ₹1200)



Source: Technopak

Category wise market breakup

INR Cr

Categories	2011	2016 (P)	2021 (P)	CAGR 2011-21
Bed Linen	8965	131770	19350	8%
Towels	3320	4840	7060	8%
Curtains	1850	2975	4790	10%
Blankets	1465	2040	2850	7%
Upholstery	1190	1915	3080	10%
Kitchen Linen	1110	1635	2400	8%
Rugs & Carpets	500	790	1250	9.5%
Total	18,400	27,360	40,800	8%



SWOT analysis

Strengths

- The apparel industry is one of the largest foreign currency earners and accounts for 11% of the country's total export revenues.
- Abundant raw material availability helps control costs and reduces lead-times across operations.
- Low labour charges means that the manufacturing cost rarely spins out of control.
- India is one of the largest producers of cotton in the world and is also enjoys abundant supplies of polyester, silk, viscose, among others.
- The Indian garment industry is self-sufficient in terms of manufacturing facilities, apparels produced, quantity and quality of output, cost, and requirement for fabrics, among others

Weaknesses

- Knitted garments manufacturing has remained as an extremely fragmented industry. Global players would prefer to source their entire requirement from two or three vendors and the Indian garment units find it difficult to meet the capacity requirements.
- Lack of technological development affects productivity and other activities across the value chain.
- The Indian industry falls short on the economies-of-scale front therefore unable to compete with nations like China.

Opportunities

- The prospects of the Indian textile industry are bright in the development and diversification of technical textiles.
- A shift in favour of branded readymade garments is being observed with more malls emerging and retail industries providing opportunities to segments like handicrafts and apparels.
- An upsurge in purchasing power and

disposable incomes.

- Large, potential domestic and international markets are focusing on product development and diversification to cater to global needs.
- Greater FDI opportunities are available with elimination of quotas.

Threats

- Competition from other countries, especially China, Cambodia, Indonesia.
- TPP and other FTA signed and under implementation
- Low-cost players like Pakistan and Bangladesh may hinder India's exports prospects.
- Another disadvantage is India's geographical distance from major global markets of US, Europe and Japan in contrast to its rivals like Mexico, China, among others which are comparatively nearer. This results in high shipping expenses and lengthy lead-times.

Drivers of growth

Demographic factors: Rising per capita incomes, a youthful population, and a predilection for branded products are expected to boost demand.

Policy support: The textile industry, being one of the most significant sectors in the Indian economy, has seen a number of decisive initiatives being taken to make it more competitive.

Changing lifestyles: Changing lifestyles for quality products will fuel the need for quality apparel, boosting production and offtake.

Retail boom: With consumerism and disposable incomes on the rise, the retail sector has experienced rapid growth in the past decade, with many global apparel players coming in the Indian market.

Growing urbanisation: According to World

Bank, urban centres are home to 32% of the total population of India. The accelerating urbanisation will catalyse the growth of the textile industry.

Empowered women: According to 2013 World Bank data, female labour force participation in India stood at a meagre 27%. However, this is expected to improve as more women are venturing out beyond home to shopping complexes, schools or offices to socialise and work. The women's apparel market, which has been significantly smaller than men's, (as traditionally, women's wardrobes have been limited to home wear and items for special occasions), is thus set to lend a boost the textiles and apparels industry in India

Skill development: As the textiles industry grew in India, a large number of textiles institutes have been founded across the country teaching mainly conventional technologies. Being a skilled industry the Government has also undertaken Skill Development Mission to meet the workforce requirement of the industry.

Digital revolution: The proliferation of smartphones, laptops and tablets that support internet usage, have resulted in an unprecedented growth e-commerce. As incomes rise and lifestyles change, e-commerce has provided consumers with easier, faster and convenient shopping experiences.

Cost advantage: Exporters are gaining from strong global demand, capacity built over years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers. The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants.

Governmental initiatives

Budgetary allocation to the Ministry of Textiles:

The Ministry has received ₹4,594.82 crore for the upcoming financial year to support its various schemes covering the entire textile industry. In 2015-16, the budgetary allocation for the ministry was ₹4,326.44 crore. The flagship TUFs Scheme has been allocated ₹1,480 crore for FY 2016-17 compared to ₹1,510.79 crore in FY 2015-16.

Consumption of textiles and apparels

Large allocations towards the rural and agricultural sectors will stimulate demand and in turn improve textile and apparel consumption. The domestic textile sector is anticipated to grow significantly, driven by increased consumption from rural and suburban areas in the next couple of years.

Irrigation

The Central Government aims to double farm incomes by 2020 thereby making it a more lucrative activity. The proposed

schemes for organic farming should lend a boost to organic farming of cotton. Moreover, to improve farm productivity, the Central Government has kickstarted numerous irrigation projects across India.

Labour

Since its launch, the National Skill Development Mission has imparted training to 76 lac youth. During FY16-17, 1,500 multi-skill training institutes will be set up across the country. A corpus of ₹1,700 crore has been set aside for this. The Integrated Skill Development scheme targets to provide 15 lac additional skilled workers to the textile industry by 2017.

Subsidies

With a view to support the 'Make in India' initiative, the Central Government launched ATUFs (Amended Technology Upgradation Fund Scheme) in place of the existing RRTUFs (Revised Restructure Technology Upgradation Fund Scheme), for technology upgradation of textiles industry with one time capital subsidy

for eligible machinery. For the sub-sectors of apparel, garment and technical textiles, up to 15% subsidy would be provided on capital investment, subject to a ceiling of ₹30 crore over a period of five years.

The remaining sub-sectors would be eligible for subsidy at a rate of 10%, subject to a ceiling of ₹20 crore on similar lines. A budgetary provision of ₹17,822 crore has been approved towards TUFs scheme for the next seven years (2015-16 to 2021-22); this scheme is expected to attract an investment of ₹1 lac crore and generate employment for 30 lac people.

Infrastructure

The Integrated Textile Park scheme will address the infrastructural constraints of the textile sector. The Central Government will provide assistance up to 40% of the project cost subject to a ceiling of ₹40 crore for common infrastructure and facilities. 24 new parks have been sanctioned in FY2014-15 and FY2015-16.

Large allocations towards the rural and agricultural sectors will stimulate demand and in turn improve textile and apparel consumption.

Government supported textile industry by allocating:

Budget Allocation 2016-17	(in ₹ Crores)
• Handloom development programmes	710.00
• Handicraft development programmes	375.00
• Development of woolen textiles	32.01
• Development of silk industries	507.50
• Powerloom promotion schemes	121.03
• Development of jute industries	120.93
• Human resource development	150.00
• ATUFs	1,480.00
• Integrated processing development scheme	50.00
• Scheme for integrated textile park	100.00
• Technical textiles	30.80
• Procurement of cotton by CCI under MSP Scheme	409.75
• Others	507.80
Total	4,594.82



Outlook

In 2016-17, global cotton area is expected to expand by 1% to 31.3 million hectares. From December 2015 through February 2016, the prices for competing crops during the same period have fallen, making cotton more competitive this year compared to last. World cotton production in 2016-17 is projected to increase by 4%, to just below 23 million tonnes, as the world average yield is anticipated to improve by 4% to 732 kilograms per hectare. In 2016-17, India's area is forecast up 4% to 12.4 million hectares due to improved domestic cotton prices in 2015-16.

In March, the Chinese Government announced a reduced target price for Xinjiang of 18,600 yuan/tonne. Subsequently, the area is likely to contract by 10% to 3.1 million hectares and production to decrease to 4.6 million tonnes. Cotton area in the US is projected to increase by 2% to 3.3 million hectares and production by 9% to 3.1 million tons. After production plummeted in 2015-16, cotton production in Pakistan is expected to jump by 35% to 2.1 million tonnes.

After declining by 2% in 2015-16, global cotton consumption is anticipated to remain stable at 23.9 million tonnes. Consumption in China is projected to decrease by 5% to 6.8 million tonnes due to increasing wages, high domestic cotton prices, and low polyester prices. In 2016-17, Vietnam's cotton consumption is forecast to rise 16% to 1.3 million tonnes, making it the fifth largest consumer. Consumption in Bangladesh, the sixth largest, could increase by 10% to 1.2 million tonnes. Similarly, India's consumption is projected to rise by 4% to 5.5 million tonnes and Pakistan's by 1% to 2.2 million tonnes (Source: <https://www.icac.org>)

Financial performance

A brief summary of the Company's financial performance for the year ended March 31, 2016 is outlined hereunder:

	(in ₹ crore)
Net revenues	2271.33
Gross profit	264.28
Depreciation and amortisation	84.38
Profit before exceptional items and tax	179.90
Profit before tax	176.03
Profit after tax	143.36

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. As on March 31, 2016, it had an employee base of 14217.

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 authorized, recorded and reported correctly to safeguard the assets of the Company and protect them from any loss due to unauthorized use or disposition. The adequate internal information systems in SAP ensures 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, authorization 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 follow-up 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.

After declining by 2% in 2015-16, global cotton consumption is anticipated to remain stable at 23.9 million tonnes. Consumption in China is projected to decrease by 5% to 6.8 million tonnes due to increasing wages, high domestic cotton prices, and low polyester prices.

Annexure-III to Directors' Report

Report on Corporate Governance

A. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance refers 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 fulfil its responsibilities to the stakeholder community, comprising of customers, employees, shareholders, Government and other societal segments. Sutlej's Governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behaviour and disclosures aimed at building trust of our stakeholders. This philosophy is built on 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. This is an ongoing process and we at Sutlej continuously endeavour 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 the foundation which provides and nurtures ramping up of healthy and sustainable growth of human resources, 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 domains;
- Availability of information to the members of the Board and Board committees to enable them discharge their fiduciary duties;

- Timely and adequate flow of information to the Board and its Committees for meaningful and focused discussion at the meetings;
- Strategic supervision by the Board of Directors which is made up of appropriate size, bouquets of 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).
- Systems and processes in place for internal control;
- A sound system of internal Controls within the 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, Senior Management and Employees.

The Board of Directors plays an active role in fulfilling its fiduciary obligation to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value. The Governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

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 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 Whole-time 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 Board with optimum combination of 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 eight Directors; six of whom are Non-executive Directors [including 1 (one) Woman Director] and two Executive directors viz., Executive Chairman and Whole-time Director. The 6 (six) non-executive Directors are Independent Directors and cumulatively, they 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

Whole-time 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 (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, 2016. The composition of the Board is in conformity with the Regulation 17 of Listing Regulations, 2015.

DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS HELD

The composition of the Board of Directors and the number of other Directorships/Board level committee positions held by them in other Indian public companies as on 31.03.2016 is as follows:

Name of Director	Category of Director	Number of Other Directorships 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	8	3	3
Mr. U. K. Khaitan (DIN: 01180359)	I/NED	8	0	1
Mr. Amit Dalal (DIN: 00297603)	I/NED	5	0	1
Mr. Rajan Dalal (DIN: 00546264)	I/NED	2	1	4
Mr. Rajiv K.Podar (DIN: 00546264)	I/NED	3	0	0
Mr M.H. Rahman (DIN: 05222272)	I/NED	0	0	0
Smt. Sonu Bhasin* (DIN: 02872234)	I / NED	4	0	3
Mr. Sukhvir Singh** (DIN: 06645482)	NED		N.A.	
Mr. Dilip Ghorawat (DIN: 06798495)	ED	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 31 March, 2016, none of the Directors of the Company were related to each other.

4. * Smt. Sonu Bhasin was appointed as Additional Director (Non-Executive Independent) w.e.f. 7th May, 2015 and was regularised in the Annual General Meeting held on 31st August, 2015.

5. ** Mr. Sukhvir Singh resigned from the Board w.e.f. 03rd November, 2015.

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.

None of the Directors of the company hold any shares of the company except Mr. C.S.Nopany.

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.

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 has 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/regularised all the existing independent directors for a term of five consecutive years in order to comply with the aforesaid provisions. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors are Independent.

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 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 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/pdf/policy/FamiliarisationProgramme.pdf>

BOARD MEETINGS AND PROCEDURE

The Board meets at least once in every quarter inter alia, to review the quarterly results 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.

During the year under review, eight Board meetings were held on 07th May, 2015; 30th June, 2015; 30th July, 2015; 09th October, 2015; 03rd November, 2015; 05th January, 2016; 01st February,



2016 and 10th March, 2016. The Meetings were held as per the requirements of business; and maximum interval between any two Board Meetings was within the permissible limits. The necessary quorum was present in all the Board Meetings. Leave of absence

was granted to the concerned director who could not 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	8	4	No
Mr. U. K. Khaitan	I/NED	8	5	No
Mr. Amit Dalal	I/NED	8	7	Yes
Mr. Rajan Dalal	I/NED	8	6	Yes
Mr. Rajiv K.Podar	I/NED	8	7	Yes
Mr M.H. Rahman	I/NED	8	7	Yes
Smt. Sonu Bhasin	I / NED	7	3	N.A
Mr. Sukhvir Singh	NED	5	1	No
Mr. Dilip Ghorawat	ED	8	7	Yes

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. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary in consultation with the Senior Management prepares the detailed agenda for the meetings.

Agenda papers and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information are circulated along with Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not

practicable to attach any document to the Agenda, 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 permitted. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

A detailed agenda folder is sent to each director in advance of the Board Meetings, covering inter alia, the required information as enumerated Part A of Schedule II to Regulation 17(7) of the Listing Regulations, 2015. As a policy, all major decisions involving 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, 2015 related requirements or in relation to any shareholder services

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 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 29th March, 2016 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.

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 six Committees of the Directors:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Finance & Corporate Affairs Committee.
- Corporate Social Responsibility Committee.
- Strategy Committee

The details of these committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises 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

During the year under review, Audit Committee's terms of reference were revised to include the role, powers and functions of the Audit Committee in conformity with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015. The revised 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 sub-section 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.
- Quarterly Statement of deviation(s) including report of monitoring 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 01st April, 2015; 06th May, 2015; 29th July, 2015; 03rd November, 2015; 15th December, 2015; 29th January, 2016 and 29th March, 2016.

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	6
Mr. Rajiv K.Podar	Member	Non-executive Independent	5
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. STAKEHOLDERS' 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. Dilip Ghorawat.

Name of the member	Status	Category	Number of meetings attended
Mr. Amit Dalal	Chairman	Non-executive/Independent	6
Mr. Rajiv K.Podar	Member	Non-executive/Independent	3
Mr. Dilip Kumar Ghorawat	Member	Executive / WTD	5

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 24 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, 2016.

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 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 Six times as on 13th April, 2015; 06th July, 2015; 12th October, 2015; 15th December, 2015; 15th January, 2016 and 29th March, 2016. The attendance of the members of the Committee was as follows:

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

During the year under review, Nomination and Remuneration Committee's terms of reference were changed to include the role, powers and functions in conformity with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 2015. The revised 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 20th April, 2015; 30th June, 2015; 30th July, 2015; 03rd November, 2015 and 10th March, 2016. 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	2
Mr. Rajiv Podar	Member	Non-executive Independent	1
Mr. Sukhvir Singh*	Member	Non-executive/ Non-Independent	3

*Ceased to be a director of the Board w.e.f. 03.11.2015

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. Dilip Ghorawat, Whole time Director.

TERMS OF REFERENCE

The Committee decides upon matters relating to Inter corporate

loans/deposits, 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. The Committee is also empowered to approve the Unaudited Quarterly Financial results to be submitted to the Stock Exchanges as provided under Regulation 33 of Listing Regulations, 2015 [formerly Clause 41 of the Listing agreement].

MEETINGS AND ATTENDANCE

The Committee met four times on 1st April, 2015; 24th September, 2015, 19th December, 2015 and 29th March, 2016 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	0
Mr. U.K.Khaitan	Member	Non-executive / Independent	1
Mr. Rajiv K.Podar	Member	Non-executive / Independent	4
Mrs. Sonu Bhasin	Member	Non-executive / Independent	1
Mr. Rajan Dalal*	Member	Non-executive / Independent	2
Mr. Dilip Ghorawat	Member	Executive / WTD	2

* Ceased to be a member of the Committee w.e.f. 03.11.2015

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.

Name of the member	Status	Category	Number of meetings attended
Mr. C. S. Nopany*	Chairman	Executive Director	1
Mr. U.K.Khaitan*	Chairman	Non-Executive Independent	1
Mr. Amit Dalal	Member	Non-executive Independent	1
Mr. Rajiv K.Podar*	Member	Non-executive Independent	1
Dr. M. H. Rahman	Member	Non-executive Independent	2
Mrs. Sonu Bhasin*	Member	Non-executive Independent	1

*Mr. C.S.Nopany ceased to be the Chairman and member of the Committee w.e.f. 03.11.2015

Mr. U.K.Khaitan was appointed as the Chairman and member of the Committee w.e.f. 03.11.2015.

Mr. Rajiv Podar ceased to be a member of the Committee w.e.f. 03.11.2015

Mrs. Sonu Bhasin was appointed as a member of the Committee w.e.f. 03.11.2015.

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.

Name of the member	Status	Category	Number of meetings attended
Mr. Rajan Dalal	Chairman	Non-executive Independent	3
Mr. Rajiv K.Podar	Member	Non-executive Independent	3
Dr. M. H. Rahman	Member	Non-executive Independent	3

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 to in clause (a); 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 twice i.e. on 06th May, 2015 and 29th March, 2016:

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

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, the Committee met three times i.e. 01st May, 2015; 24th September, 2015 and 30th September, 2015.

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



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 01.04.2015, has revised the sitting fees payable to each director for attending the Meeting of the Board of Directors

and Committees thereof from ₹20,000/- to ₹50,000/- and ₹10,000/- to ₹25,000/- respectively. The Company also pays to its non-executive directors' annual commission up to 1% of the net profits for all directors put together, with a ceiling of ₹2,00,000/-* to each director.

The total commission payable to all the non-executive directors for the financial year 2015-16 will be ₹31,74,178/- 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, 2016 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 2015-2016 is as follows:

Sl. No.	Name of Director	Commission (₹)	Sitting Fees (₹)
1.	Mr. C. S. Nopany	18,75,000*	225000
2.	Mr. U. K. Khaitan	2,00,000	400000
3	Mr.Amit Dalal	2,00,000	675000
4.	Mr Rajan A. Dalal	2,00,000	600000
5.	Mr. Rajiv K.Podar	2,00,000	775000
6.	Mr Mahmoodur Rahman	2,00,000	625000
7.	Mrs. Sonu Bhasin**	1,80,274	200000
8.	Mr. Sukhvir Singh***	1,18,904	125000
	Total	31,74,178	36,25,000

* Higher commission applicable to Shri C.S.Nopany as Non-Executive Chairman of the Company (for the period from 01.04.2015 to 30.06.2015)

**Appointed on 07.05.2015

***Resigned w.e.f. 03.11.2015

ii) Remuneration paid/payable to the Executive Chairman and Whole time Director of the company for the year ended 31st March, 2016, is as under:

(Amount ₹ in lakhs)

Wholetime Director	Salary/ Commission, etc.	Perquisites	Retirement Benefits	Total
Mr. C.S.Nopany	6,88,00,000	-	-	6,88,00,000
Mr. Dilip Kumar Ghorawat	58,88,400	11,02,249	-	69,90,649

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/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 Remuneration Policy is stated in the Corporate Governance Report and is also available on the Company's Website. 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/pdf/policy/Remuneration-Policy.pdf>

III. POLICY ON RELATED PARTY TRANSACTIONS

In line with requirement of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website at <http://www.sutlejtextiles.com/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://www.sutlejtextiles.com/pdf/policy/SUTLEJ-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. 30.08 of the Annual Accounts in accordance with compliance with the 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, except acquisition of Birla Textile Mills from Chambal Fertilisers and Chemicals Ltd. for which the Company has obtained the approval of dear shareholders at the Annual General Meeting held on 31.08.2015 of the Company.

**(b) Accounting treatment in preparation of financial statements**

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

(c) 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 untimely 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.

(d) 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.

(e) 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, 2016, was placed at the Board Meeting of the company held on 11th May, 2016.

H. SHAREHOLDER INFORMATION**(i) Means of communication**

In accordance with Regulation 46 of the Listing Regulations, 2015, the Company has maintained a functional website at www.sutlejttextiles.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.sutlejttextiles.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.

(ii) Annual 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
10th	2014-15	August 31, 2015	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	<ol style="list-style-type: none"> 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)	<ol style="list-style-type: none"> 1. Appointment of the following directors as Independent Director for a term of 5 years :- <ol style="list-style-type: none"> 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 ₹1500 crore in aggregate. (Special resolution)
8th	2012-2013	August 10, 2013	3.00 p.m	Registered Office: Pachpahar Road Bhawanimandi (Raj)	<ol style="list-style-type: none"> 1. Appointment of Mr.Sukhvir Singh as Director, who retires by rotation under section 257 of the Companies Act,1956. 2. Increase in and Reclassification of Authorised Share Capital to ₹50 Crores divided to 5 Crores Equity Shares of ₹10/- each. 3. Alteration of the Memorandum of Association with respect to Authorised Share Capital.

The 11th Annual General Meeting of the company is proposed to be held on 27th August, 2016 at 3.00 P.M. at the Registered Office of the company.

Postal Ballot:

During the financial year 2015-2016, no Postal Ballot activity was conducted by the Company.

(iii) 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.

**(iv) General Shareholders' information****(i) 11th Annual General Meeting:**

Date	27/08/2016
Day	Saturday
Time	3.00 p.m.
Venue	At Registered Office Pachpahar Road, Bhawanimandi 326 502 (Raj.)

(ii) Last date for receipt of Proxies

Thursday, 25th August, 2016 (before 3.00 p.m. at the Registered Office of the Company)

(iii) Record Date

15th July, 2016 for entitlement of dividend.

(iv) Book closure

The register of members and share transfer books of the company shall remain closed from 21st August, 2016 to 27th August, 2016 (both days inclusive).

(v) Tentative financial calendar:

Next financial year	1st April, 2016 to 31st March, 2017
Audited Annual Results (2015-16)	11th May, 2016
Publication of Audited Results (2015-16)	12th May, 2016
Mailing of Annual Report	end-July, 2016
First Quarter Results & Limited Review	end-July, 2016
Second Quarter Results & Limited Review	end-October, 2016
Third Quarter Results & Limited Review	end-January, 2017
Audited Annual Results (2016-17)	mid-May, 2017

(vi) Dividend

Payment date (tentative): 1st September, 2016.

The Board of Directors at their meeting held on 11th May, 2016, have recommended a Dividend of ₹13/- per share for the year ended 31st March, 2016, subject to shareholders' approval at the forthcoming 11th Annual General Meeting. If approved, the dividend will be paid to the shareholders on or after 1st September, 2016 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 2015-16 have been paid to the Stock Exchanges within the stipulated time.

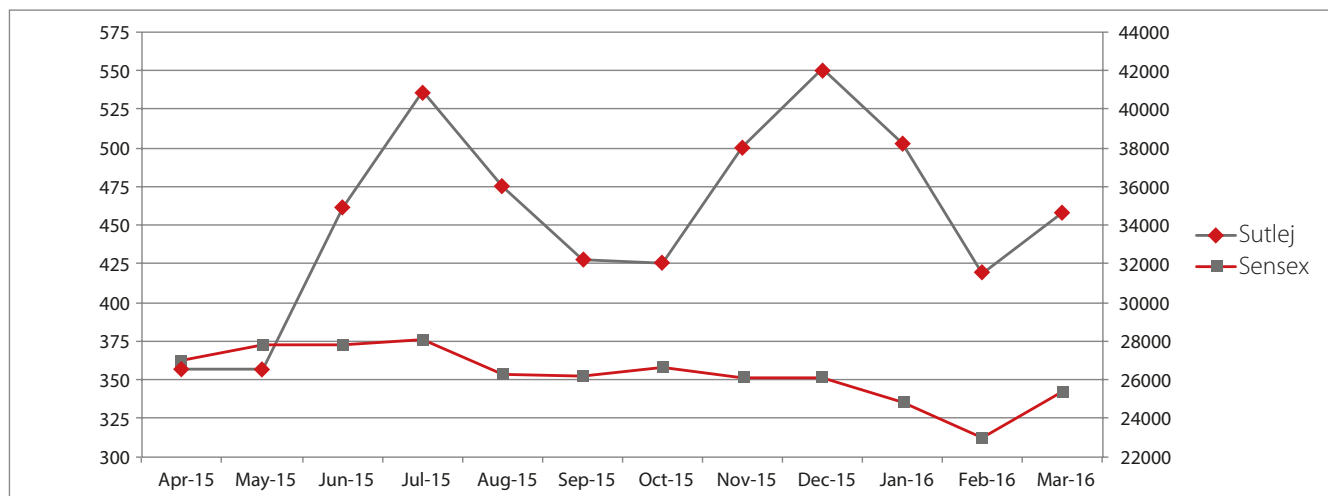
(viii) Corporate Identification Number

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 Ltd., Mumbai		National Stock Exchange of India Limited, Mumbai	
	High	Low	High	Low
April, 2015	400.00	312.00	399.90	313.80
May, 2015	385.00	350.00	385.15	350.00
June, 2015	474.00	335.30	474.00	336.00
July, 2015	580.00	460.00	578.90	459.00
August, 2015	624.00	380.00	623.90	375.00
September, 2015	470.60	390.00	479.80	390.00
October, 2015	487.00	420.00	486.00	421.05
November, 2015	519.00	424.00	521.00	421.10
December, 2015	557.75	469.00	560.00	468.10
January, 2016	577.50	454.50	577.00	450.40
February, 2016	533.00	410.50	535.00	406.20
March, 2016	475.60	423.00	479.00	425.05



(x) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2016 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	3500	57.54	133492	0.81
2.	101 to 500	1745	28.69	431042	2.63
3.	501 to 1000	407	6.69	301948	1.84
4.	1001 to 5000	310	5.10	631880	3.86
5.	5001 to 10000	66	1.08	447016	2.73
6.	10001 to 100000	37	0.61	999178	6.10
7.	100001 to 500000	10	0.16	1771853	10.82
8.	500001 to above	8	0.13	11666453	71.21
	TOTAL	6083	100.00	16382862	100.00

(xi) Details of shareholding as on 31st March, 2016 was as under:

Sl. No.	Category	Number of folios	% of Folios	Number of Shares held	% of shareholding
1.	Promoters	14	0.23	10467851	63.90
2.	Institutions/Banks/ Insurance	6	0.10	83482	0.51
3.	Private corporate bodies/Associates	271	4.45	2994826	18.28
4.	Indian Public	5631	92.57	2798622	17.08
5.	NRI, Foreign Nationals and OCBs	161	2.65	38081	0.23
	TOTAL	6083	100.00	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, 97.26% of the total equity share capital of the company was held in a dematerialised form with NSDL and CDSL as on 31.03.2016.

The company has paid the requisite fees to all these authorities for the year 2015-16

(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

Vide its order dated WTM/RKA/MIRSD2/41/2016 dated 22.03.2016, SEBI has restrained the Company's current Registrars and Share transfer Agents namely, Sharepro Services (India) Private Limited ("Sharepro") from associating themselves with securities market, either directly or indirectly, in any manner, till further directions from SEBI. SEBI has also advised switchover of activities related to Registrar & Share Transfers, to another Registrar & Share Transfer Agent, registered with SEBI.

Accordingly, 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-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg,
Subhash Nagar, Bhandup West, Mumbai 400078

Tel. 022-25946970-78,25963838,25960320;
Fax: 022-25946969, 25960329
Email ID: mt.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
Jaycoach, Goregaon (East), Mumbai-400 063
Tel : 022-4219 8800 / 4219 8824
Fax : 022-4219 8830/31
E-mail ID: prabhu@sutlejttextiles.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:

Sr No	Nature of Litigation (example Civil, Criminal, Tax, etc)	Name of parties	Forum	Facts	Amount Involved	Remarks
1	Penalty for non-compliance of Clause 49(II)(A) of Listing Agreement and Section 149(1) of Companies Act, 2013.	Against the Company by the Stock Exchanges where the shares of the Company is listed.	N.A.	SEBI Circular dated 15.09.2014 mandated every listed company to have a woman director on the Board of the Company. It provided that "The provisions regarding appointment of woman director as provided in Clause 49(II)(A) (1) shall be applicable with effect from April 01, 2015." However, the Company was unable to induct a Woman Director on its Board till 31.03.2015 as the Company was in the process of identifying a suitably Qualified Woman Director. Intimations were received from National Stock Exchange of India limited and BSE levying fine for non-compliance of Clause 49(II)(A)(1).	1. National Stock Exchange of India Ltd. (NSE):- ₹50000 2. Bombay Stock Exchange (BSE):- ₹50000	The same were accepted by the Company and thereafter paid to NSE and BSE by the Company.

Sr No	Nature of Litigation (example Civil, Criminal, Tax, etc)	Name of parties	Forum	Facts	Amount Involved	Remarks
2.	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 Act) Regulations 1992. During a hearing the Company, however, proposed a settlement as per the SEBI guidelines, and offered ₹5,39,750/- towards settlement of the matter after filing application for consent terms following the necessary procedure.	-	Acceptance of the Company's offer by SEBI in conclusion of the proceedings is awaited.
3.	Notice under section 206(1) of Companies Act, 2013 calling for information in respect of section 135(1) of the Companies Act, 2013.	Against the Company by MCA. [No. ROC/ CSR/2015-16/2161] dated 13.04.2016	MCA	A Notice dated 13.04.2016 was received by the Company on 04.05.2016 from MCA exercising its power under sub-section (1) of Section 206 of the Companies Act, 2013 calling for information in respect of Section 135(1) of the Companies Act, 2013.	Unknown	-

(ii) Listing Regulations Compliance

The company complies with all the mandatory requirements of the Listing Regulations, 2015.

(iii) Insider trading

The company adopted the code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended by SEBI (Prohibition of Insider Trading) Regulation, 2015 which, inter alia, prohibited the trading in shares by an 'insider' when in possession of unpublished price sensitive information.

(iv) 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 Directors and senior management have affirmed compliance with Code of Conduct for the year 2015-2016. A declaration to this effect is attached to 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.

(v) 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.

(vi) Compliance with Discretionary Requirements:

Apart from complying with mandatory requirements prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has complied with a few discretionary requirements such as the separate posts of Chairperson and Chief Executive Officer and Reporting of Internal Auditor directly to the Audit Committee.

**(vii) 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.

(viii) 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.

J. 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 (NECS)/ 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 2008-2009 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 31.03.2016	Last date for claiming unpaid Dividend amount (on or before)	Date of amount become due for transfer to IEPF Fund
31.03.2009	28.08.2009	210971.00	27.08.2016	27.09.2016
31.03.2010	06.08.2010	396972.50	05.08.2017	05.09.2017
31.03.2011	06.08.2011	1473855.00	05.08.2018	05.09.2018
31.03.2012	11.08.2012	974690.00	10.08.2019	10.09.2019
31.03.2013	10.08.2013	887615.00	09.08.2020	09.09.2020
31.03.2014	23.08.2014	2333648.00	22.08.2021	22.09.2021
31.03.2015	31.08.2015	2354680.00	30.08.2022	30.09.2022

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.

(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: hoffice@sutlej-rtm.co.in;
stil.investor_grievance@sutlej-rtm.co.in

<p>Erstwhile RTA:*</p> <p>Sharepro Services (India) Pvt.Ltd. Samhita Complex, Gala No. 52 to 56, Building No. 13A-B Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka, Mumbai 400 072 Tel. 022-67720300/400; Fax: 022-28591568</p>	<p>New RTA:#</p> <p>M/s. Link Intime India Pvt.Ltd. C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup West, Mumbai 400078 Tel.: 022-25946970-78,25963838,25960320; Fax: 022-25946969,25960329 Email ID: mt.helpdesk@linkintime.co.in</p>
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* No further communications shall be made.

#Appointed in lieu of M/s. Sharepro Services (India) Pvt. Ltd.

(ix) Location of the Plants:

Units		Location	Products
1	Rajasthan Textile Mills	Pachpahar Road, Bhawanimandi-326 502 (Rajasthan)	Cotton yarn and Manmade fibre yarn
2	Chenab Textile Mills	Kathua 184 102 (Jammu & Kashmir)	Cotton melange yarn and Manmade fibre yarn
3	Birla Textile Mills	Baddi, Solan, Himachal Pradesh 173205	Cotton yarn and Manmade fibre yarn
4	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, 2016."

Place: Mumbai
Date: 25th April, 2016.

S.K. KHANDELIA
PRESIDENT & CHIEF EXECUTIVE OFFICER

CEO & CFO CERTIFICATE

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

Date : 07th May, 2016

To
The Board of Directors
Sutlej Textiles and Industries Limited
Bhawanimandi-326 502 (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 2016 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 in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year, if any, 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

(S.K.Khandelia)
President and CEO

For Sutlej Textiles and Industries Limited

(Dilip Ghorawat)
Wholetime Director and CFO

AUDITORS' CERTIFICATE

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, 2016, as stipulated in Clause 49 of Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and 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 for the period 1st December 2015 to 31st March 2016.

The compliance conditions of Corporate Governance is the responsibility of the Management. Our examination was 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 Agreement / Listing Regulations, as applicable.

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

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

B. K. SIPANI
Partner
Membership No. 088926

Place: New Delhi
Dated: 11-05-2016



Annexure IV

Annual report on CSR activities to be Included in the Board's Report

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

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 and the web link for the same is <http://sutlejttextiles.com/pdf/policy/SUTLEJ-CSR-Policy-2014-Adopted-13.05.2014.pdf>

2. The composition of the CSR Committee:

- (i) Shri U.K. Khaitan Chairman
- (ii) Smt. Sonu Bhasin Member
- (iii) Dr. Mahmoodur Rahman Member
- (iv) Shri Amit Dalal Member

3. Average net profit of the company for the last three financial years: ₹14262.18 Lakhs

4. Prescribed CSR Expenditure [2 percent of the amount as in item 3 above): ₹285.24 Lakhs

5. Details of CSR spend during the financial year.

(a) Total amount to be spent for the financial year : ₹285.24 Lakhs

(b) Total amount spent during the financial year : ₹19.10 Lakhs

(c) Amount unspent, if any : ₹266.14 Lakhs

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

(₹ In Lakhs)

(1) Sr. No	(2) CSR project or activity identified.	(3) Sector in which the Project is covered.	(4) Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken.	(5) Amount outlay (budget) project programs wise (₹ in Lakhs)	(6) Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. Overheads: (₹ in Lakhs)	(7) Cumulative expenditure upto the reporting period (₹ in Lakhs)	(8) Amount spent: Direct or through implementing agency (₹ in Lakhs)
1	Two Nos. Voltas Water coolers in Nagarpalika, B'mandi Town	Promotion of healthcare activities, safe drinking water, etc	Rajasthan Textile Mills, Bhawanimandi	1.00	0.91	0.91	Amount directly spent by the Company
2	2 nos. Sintex Water Storage Tanks (5000 Ltr. Capacity) with civil work and fittings, in Bheemnagar, Bhawanimandi (Gram Panchayat-Guradia) mana	Promotion of healthcare activities, safe drinking water, etc	Rajasthan Textile Mills, Bhawanimandi	0.75	0.64	1.55	Amount directly spent by the Company
3	Police Martyrs North Zone T-20 Cricket Tournaments at Kathua	Promotion of sports activities	Chenab Textile Mills, Kathua (J&K)	5.50	5.25	6.80	Amount directly spent by the Company
4	National Conference On Role of Mathematics & Computer Science	Promotion of education activities	Chenab Textile Mills, Kathua (J&K)	0.50	0.50	7.3	Amount directly spent by the Company

(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 programs wise (₹ in Lakhs)	Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. Overheads: (₹ in Lakhs)	Cumulative expenditure upto the reporting period (₹ in Lakhs)	Amount spent: Direct or through implementing agency (₹ in Lakhs)
5	- 5 Nos.traffic Barriers for traffic control on railway road - Distemper and paint work expenses at community hall at Sawanchak - Construction of One Hall at Panchyat Halqua Govindsar -Construction of RCC benches at cremation ground & community shed -Construction of One Hall at Panchyat Halqua Pathari (Under Construction) -Further, expenses incurred for flood relief operation at Kashmir	Promotion of social activities	Chenab Textile Mills, Kathua(J&K)	0.60 3.25 2.50 1.00 2.00 0.00	0.59 3.14 2.26 1.08 2.06 1.67	7.89 11.03 13.29 14.37 16.43 18.10	Amount directly spent by the Company
6	-Contribution to Parichay Mahila Seva Sangh to promote Swachh Bharat Abhiyaan, Basic Hygiene, Healthcare	Promotion of Health care activities	Chenab Textile Mills, Kathua(J&K)	1.00	1.00	19.10	Amount directly spent by the Company

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:

- The Company is in the process of identifying suitable projects for its CSR spend. Company has identified and decided to take up various works in FY 2016-17 under "MUKHYAMANTRI JAL SWAVLAMBAN ABHIYAN" (MJSA) in the State of Rajasthan) on water conservation, development of water bodies, and other water resources for addressing problem of water shortage.
- The Company also intends to participate in projects for providing of safe drinking water, various programmes under Swacch 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.

- 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.

s/d
U.K. Khaitan
Chairman,
CSR Committee

s/d
S.K. Khandelia
President & CEO



Annexure V

Form No. MGT-9
Extract of Annual Return
as on the financial year ended on 31.03.2016

[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
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
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-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup West, Mumbai 400078 Tel: 22 - 2594 6970; Fax: 022-25946969 Email ID: mt.helpdesk@linkintime.co.in

* Sharepro Services (India) Pvt.Ltd. Ceased to be Share Registrar and Transfer Agent w.e.f. 31.03.2016 and Link Intime India Pvt. Ltd has been appointed as new Share Registrar and Transfer Agent w.e.f. 01.04.2016.

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	38.94%
2	Preparation and spinning of textile fibres - Preparation and spinning of man-made fiber including blended man-made fiber	13114	55.42%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	N.A				

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 31st March 2015				No. of Shares held at the end of the year 31st March 2016				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian									
a	Individuals/ HUF	0	0	0	0.00	11000	0	11000	0.07	0.07
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)	10456851	0	10456851	63.83	10467851	0	10467851	63.90	0.07
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	10456851	0	10456851	63.83	10467851	0	10467851	63.90	0.07
Promoter Group (A)=(A)(1)+(A)(2)										
B	Public Shareholding									
1)	Institutions									
a	Mutual Funds/ UTI	0	0	0	0.00	0	0	0	0.00	0.00
b	Banks/ FI	5901	0	5901	0.03	83482	0	83482	0.51	0.48
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	FIs	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)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B) (1)	5901	0	5901	0.03	83482	0	83482	0.51	0.48
2)	Non-Institutions									
a	Bodies Corporates									
	i. Indian	2965317	179673	3144990	19.20	2815108	179673	2994781	18.28	-0.92
	ii. Overseas									
b	Individuals									



Category of Shareholders	No. of Shares held at the beginning of the year 31st March 2015				No. of Shares held at the end of the year 31st March 2016				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i. Individual Shareholders holding nominal share capital upto ₹1 lakh	1449544	273975	1723519	10.52	1443760	268990	1712750	10.45	-0.07
ii. Individual Shareholders holding nominal share capital in excess of ₹1 lakh	1013551	0	1013551	6.19	1085872	0	1085872	6.63	0.44
c Others (specify)									
i. Non-Resident Indian	29453	8597	38050	0.23	29484	0	29484	0.18	-0.05
ii. Overseas corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
iii. Foreign Nationals	0	0	0	0.00	8597	0	8597	0.05	0.05
iv. Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
v. Trust	0	0	0	0.00	0	0	0	0.00	0.00
vi. Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
vii. NBFC					45	0	45	0.00	
Sub-Total (B) (2)	5457865	462245	5920110	36.14	5382866	448663	5831529	35.59	-0.54
Total Public Shareholding (B)= (B)(1) + (B)(2)	5463766	462245	5926011	36.17	5466348	448663	5915011	36.10	-0.06
C Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15920617	462245	16382862	100.00	15934199	448663	16382862	100.00	0.01

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total 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	41.92	3041697	18.57	33.70	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
7	Champaran Marketing Co Ltd	309810	1.89	0.00	309810	1.89	0.00	0.00

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
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	0	0.00	0.00	11000	0.07	0.00	0.07
14	Uttam Commercial Ltd	900	0.01	0.00	900	0.01	0.00	0.00
	Total	10456851	63.83	12.19	10467851	63.90	9.80	0.07

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

Sr. No.	Name of Promoters	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	0	0	0	0
	(Increase/ Decrease) during the Year				
	Purchase on 11.02.2016	8000	0.05	8000	0.05
	Purchase on 12.02.2016	3000	0.02	3000	0.02
	At the End of the Year	11000	0.07	11000	0.07
2	There is no change during the year in the holding of other Promoters.				

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE	1128658	6.89	1128658	6.89
2.	EARTHSTONE HOLDING (TWO) LIMITED	980369	5.98	980369	5.98
3.	NAVJEEWAN MEDICAL INSTITUTE	285691	1.74	285691	1.74
4.	VINODCHANDRA MANSUKHLAL PAREKH	180154	1.10	180154	1.10
5	PLAY-FAIR CAPITAL AND INVESTMENT (P) LTD	164358	1.00	166609	1.02
6.	MOHAN GUPTA	50000	0.31	125000	0.76
7.	PIC REALCON LTD	-	-	114309	0.70



Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	MOHAN GUPTA	105000	0.64	105000	0.64
9.	SANJEEV VINODCHANDRA PAREKH	77103	0.47	87594	0.53
10.	ICICI BANK LIMITED	-	-	61152	0.37

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. 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	0	0	0	0
	At the beginning of the year				
	(Increase/ Decrease) during the Year				
	Purchase on 11.02.2016	8000	0.05	8000	0.05
	Purchase on 12.02.2016	3000	0.02	3000	0.02
	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 ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5976460547		-	5976460547
ii) Interest due but not paid	44829206		-	44829206
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	6021289753	-	-	6021289753
Change in Indebtedness during the financial year				
• Addition	2683574849			2683574849
• Reduction	995780034			995780034
Net Change	3679354883	-	-	3679354883
Indebtedness at the end of the financial year				
i) Principal Amount	7670399907			7670399907
ii) Interest due but not paid	38684661			38684661
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	7709084568	-	-	7709084568

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 (₹)
		Shri Dilpkumar Ghorawat, 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	58,88,400	2,25,00,000	2,83,88,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	4,63,00,000	4,63,00,000
5.	Others, please specify	-	-	-
	a) PF	4,96,800	-	4,96,800
	b) Car Expenses	6,00,268	-	6,00,268
	c) Premium for P.A. Cover	5,181	-	5,181
	d) Variable Commission	-	-	-
	Total (A)	69,90,649	6,88,00,000	7,57,90,649
	Ceiling as per the Act	10% of the Net profits of the Company		

Shri C.S.Nopany was appointed as Executive Chairman w.e.f. 01.07.2015

B. REMUNERATION TO OTHER DIRECTORS:

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
		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	400000	600000	675000	775000	625000	200000	3275000
	Commission	200000	200000	200000	200000	200000	180274	1180274
	Others, please specify							
	Total (1)							4455274
	2. Other Non-Executive Directors							
	• Fee for attending board / committee meetings	225000	125000					350000



Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
	• Commission	1875000	118904					1993904
	• Others, please specify							
	Total (2)							2343904
	Total (B)=(1+2)							6799178
	Total Managerial Remuneration =(A+B)							82589827
	Ceiling as per the Act	11% of the Net profits of the Company						

* Smt. Sonu Bhasin was appointed as an Independent director w.e.f 07.05.2015

** Higher Commission applicable to Shri C.S.Nopany as Non-Executive Chairman of the Company (for the period from 01.04.2015 to 30.06.2015)

*** Shri Sukhvir Singh Ceased to be Director w.e.f. close of work on 03/11/2015

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 (₹)
		Shri Suresh Kumar Khandelia, CEO / Group President	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	3,09,09,437	18,09,600	3,27,19,037
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13,49,879	39,600	13,89,479
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others, please specify			
	a) PF	24,84,000	1,87,200	26,71,200
	b) Superannuation	31,05,000	-	31,05,000
	c) Premium for P.A.Cover	37,707	2,488	40,195
	Total (A)	3,78,86,023	20,38,888	3,99,24,911
	Ceiling as per the Act	-		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2015-16, there were no penalties/punishment/compounding of offenses under the Companies Act, 2013.

Annexure- VI to the Directors' Report - Particulars of Employees

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under :

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sl. No	Name of Director / KMP	Remuneration of Director/KMP for FY 2015-16 (₹ in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees*	Comparison of the Remuneration of the Director / KMP against the performance of the Company
1.	Mr. C. S. Nopany	18,75,000	Non Executive Chairman	0	16.18	Profit before Tax increased by 18.76% and Profit After Tax increased by 24.16% in financial year 2015-16
2.	Mr. C. S. Nopany	6,88,00,000	Executive Chairman	0	593.70	
3.	Mr. U. K. Khaitan	2,00,000	Non-Executive Independent Director	0	1.73	
4.	Mr. Amit Dalal	2,00,000	Non-Executive Independent Director	0	1.73	
5.	Mr. Rajan Dalal	2,00,000	Non-Executive Independent Director	0	1.73	
6.	Mr. Rajiv K.Podar	2,00,000	Non-Executive Independent Director	0	1.73	
7.	Mr M.H. Rahman	2,00,000	Non-Executive Independent Director	0	1.73	
8.	Mrs Sonu Bhasin*	1,80,274	Non-Executive Independent Director	0	1.56	
9.	Mr. Sukhvir Singh**	1,18,904	Non-Executive Director	0	1.03	
10.	Mr. S. K. Khandelia	3,78,86,023	President & Chief Executive Officer	26.45	N.A.	
11.	Mr. Dilip Ghorawat	69,90,649	Whole-time Director & Chief Financial Officer	6.80	60.33	
12.	Mr. D. R. Prabhu	20,38,888	Company Secretary & Compliance Officer	22.40	N.A.	

*Smt. Sonu Bhasin was appointed as an independent director w.e.f.07.05.2015

** Shri Sukhvir Singh Ceased to be Director w.e.f. close of work on 03/11/2015



2. The median remuneration of employees of the Company during the financial year was ₹1,15,883/-
3. In the financial year, there was an increase of 8.18% in the median remuneration of employees;
4. There were 14217 permanent employees on the rolls of Company as on March 31, 2016;
5. Relationship between average increase in remuneration and company performance:-
The Profit before Tax for the financial year ended March 31, 2016 increased by 18.76% whereas the increase in median remuneration was 8.18%.
6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
The total remuneration of Key Managerial Personnel increased by 203.13% from ₹3.82 crore in 2014-15 to ₹11.57 crore in 2015-16 whereas the Profit before Tax increased by 18.76% to ₹27.81 crore in 2015-16 (Decreased ₹23.50 crore in 2014-15).
7. a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2016 was ₹750.34 crore (₹510.98 as on March 31, 2015)
b) Price Earnings ratio of the Company was 5.23 as at March 31, 2016 and was 4.43 as at March 31, 2015
c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- The Company came into existent as a result of demerger exercise

pursuant to a scheme of arrangement between Sutlej Industries Ltd. and Sutlej Textiles and Industries Ltd. ("The Company") approved by the Hon'ble High Court of Rajasthan Bench at Jaipur vide its Order dated 12th May, 2006, the entire textile division of Sutlej Industries Ltd. was transferred and vested with the Company with effect from the appointed date 1st July, 2005. Due to the aforesaid demerger, there was no public offer made by the Company.

8. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year i.e. 2015-16 was 30.34% whereas the increase in the managerial remuneration for the same financial year was 203.13%.
9. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is 36.69
11. 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) Employed throughout the financial year and were in receipt of remuneration aggregating not less than ₹60,00,000/- per annum.

Name & Designation of the Employee	Remuneration received (₹)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the company
Mr. S.K. Khandelia President & Chief Executive Officer	3,78,86,023	B.Com., FCA, 40 years.	Regular	Overall management	July 01, 2005	65	Sutlej Industries Ltd.
Mr. Dilip Ghorawat Whole-time Director & Chief Financial Officer	69,90,649	B.Com., FCA, 22 years.	Regular	Financial Management	September 16, 2013	51	Sujana Metal Products Ltd.
Mr. Manoj John Vice President (Strategic Initiatives)	63,77,070	B.Tech (Civil), M.B.A 18 years.	Regular	Strategic Initiatives Management	November 11, 2013	44	R.N.A. Corp. Pvt. Ltd.

(2) Employed for part of the financial year and were in receipt of remuneration aggregating not less than ₹5,00,000/- per month.

Name & Designation of the Employee	Remuneration received (₹)	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	6,88,00,000	CA, Master Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA 26 years	Regular	Executive management	July 01, 2015	50	Chairman and M.D.: Oudh Sugar Mills Ltd.
Mr. Rajeev Jain Joint President	36,42,765	B.Tech. (Text.),M.B.A. 34 years	Regular	Technical Management	November 09, 2015	55	Rajasthan Spg. & Wvg. Mills Ltd.

Notes:

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	11,000	0.07



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2016

[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 Textile and Industries Limited
CIN L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Kota, Rajasthan.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sutlej Textile 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, 2016, 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 Sutlej Textile and Industries Limited ("the Company") for the financial year ended on 31st MARCH, 2016, 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: not applicable as the Company has not made any public offer of securities during the period under review;
 - (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 as the Company has not granted any options during the financial year under review;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the securities issued by Company were not listed during the period under review;
 - (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) Regulations, 2009 - Not applicable as the Company has not delisted/proposed to delist its equity shares from any stock exchange during the financial year under review;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back/proposed to buyback any of its securities during the financial year under review.
- (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;

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. Company has not made expenses up to limit prescribed under CSR activity. We are informed that Company is looking for various suitable CSR proposals for implementation in future,
2. In respect of secretarial standards (SS-1) issued by ICSI, the company has follow the same, however in our opinion there is scope for improvement.

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. Further during the period company has appointed women director w.e.f. 07.05.2015.

- 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 are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act, where required and applicable; and
- As informed by the management, there was penalties of ₹50,000/- was imposed by BSE Limited and National Stock Exchange of India Limited each, in respect of non-appointment of woman director on or before 31.03.2015, during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company and same was paid by the company.
- 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 Byelaws 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.



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:

- Acquisition of Birla Textile Mills, Baddi, H.P. (unit of Chambal Fertilisers And Chemicals Limited) in which director of the company is / are interested.

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) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013

(iv) Merger / amalgamation / reconstruction etc.

(v) Foreign technical collaborations.

Place : JAIPUR

Date : 06.05.2016

For **R. CHOUHAN & ASSOCIATES**

RAJENDRA CHOUHAN - PROPRIETOR

COMPANY SECRETARY IN PRACTISE

FCS No. 5118

C P No.: 3726

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 Textile and Industries Limited
CIN L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Kota, 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.

Place : JAIPUR
Date : 06.05.2016

For **R. CHOUHAN & ASSOCIATES**
RAJENDRA CHOUHAN - PROPRIETOR
COMPANY SECRETARY IN PRACTISE
FCS No. 5118
C P No.: 3726



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, 2016, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Chambal Fertilisers and Chemicals Ltd. (Shri C. S. Nopany, Executive Chairman of the Company is a Director in Chambal Fertilisers and Chemicals Ltd. and holds more than 2% of its share capital, alongwith his relatives.)
2.	Nature of contracts/arrangements/transaction	Acquisition of Birla Textile Mills [BTM] (a Textile Division of Chambal Fertilisers and Chemicals Ltd.) on a going concern and on slump sale basis.
3.	Duration of the contracts/arrangements/transaction	Transaction completed on 30.09.2015 with all necessary statutory compliances/ approvals.
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	The purchase consideration for the acquisition of Birla Textile Mills by the Company from Chambal Fertilisers and Chemicals Ltd. was ₹232.63 Crores (including net current assets) subject to closing and other adjustments, if any. There is no change in the Shareholding Pattern of the Company due to the aforesaid transaction. The purchase of "Birla Textile Mills" (BTM), from M/s. Chambal Fertilizers And Chemicals Limited, was completed on September 30, 2015 in all respects. As per the Business Purchase Agreement, the purchase of BTM by the Company is effective from April 01, 2015.
5.	Date of approval by the Board	14th March, 2015
6.	Amount paid as advances, if any	Full payment completed on/by 30.09.2015 i.e. during F.Y. 2015-16

For and on behalf of the Board

Place : New Delhi

Date: 11-05-2016

C. S. Nopany
Executive Chairman

Independent Auditor's Report

To the Members of
Sutlej Textiles and Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SUTLEJ TEXTILES AND INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 then 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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. 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 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 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 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 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, 2016, 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 Rs.105262.85 lakhs as at 31st March, 2016 and total revenues of Rs.159807.05 lakhs 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.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 7 and 18A(1&2) 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 – Refer Note 20 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner

Place : New Delhi
Date : 11th May, 2016

Membership No. 088926

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 immovable properties having original cost of Rs. 300.32 lakhs (WDV as on 31st March, 2016 Rs. 271.65 lakhs) for which registration is pending, are held in the name of the respective units. These title deeds and possession letters have been given as security against the term and other loans taken from banks and as informed to us the original title deeds are kept with the lenders as security and therefore same could not be made available for our verification.
- (ii) As explained to us, inventories (except stock lying with third parties) were physically verified during the year by the management at reasonable intervals during the year 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) (Rs. in lakhs)	Forum where Dispute is Pending	Related Period
The Central Excise Act, 1944	Disallowances & Penalty and interest on payment of service tax through Cenvat	36.05	Commissioner (Appeals), Jaipur	Oct., 05 to Mar., 06
The Central Excise Act, 1944	Demand & Penalty for Service Tax	23.91	CESTAT, New Delhi	Dec.,05 to Oct.,06
The Central Excise Act, 1944	Penalty against non-reversal of Cenvat credit on exempted goods	8.50	Rajasthan High Court, Jaipur	May,99 to Feb.,2002
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax and Interest	34.59	Supreme Court, Delhi	Apr., 06 to Mar., 16



Name of Statute	Nature of Dues	Amount (net of paid) (Rs. in lakhs)	Forum where Dispute is Pending	Related Period
Rajasthan Electricity (Duty) Act, 1962	Demand of Urban Cess on purchase of electricity	258.30	Rajasthan High Court, Jaipur	Apr 2010 to Mar 16
The Central Excise Act, 1944	Demand of rebate erroneously granted and paid by Department	138.35	Additional Commissioner of Central Excise, Jammu	2008-2012
The Central Excise Act, 1944	Demand towards Excise duty on Textile Committee Cess	17.64	CESTAT, New Delhi	2000- 2005
The Central Excise Act, 1944	Excise duty on Clearance of Yarn at Single Stage	23.66	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	22.40	CESTAT, New Delhi	2009-2012
The Central Excise Act, 1944	Demand of rebate erroneously granted and paid by Department	365.01	Commissioner of Central Excise (Appeals), Chandigarh	2014-15
Gujarat Tax on Entry of Specified Goods into Local Areas Act, 2001	Entry Tax, Penalty and Interest thereon	1213.11	Commercial Tax Officer, Vapi	Apr, 06 to Mar, 16
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax on purchase of raw material	508.29	High Court of Himachal Pradesh	2010-11 to 2015-16
The Central Excise Act, 1944	Demand towards excise duty on textiles committee cess	52.52	Central Excise & Service Tax Appellate Tribunal, New Delhi	2010-11

(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 Rs. 495 lakhs 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 **SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner

Place : New Delhi
Date : 11th May, 2016

Membership No. 088926

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, 2016 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 an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements 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, 2016, 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 **SINGHI & CO.**
Chartered Accountants
Firm's Reg. No.302049E

B. K. Sipani
Partner
Membership No. 088926

Place : New Delhi
Date : 11th May,2016

Balance Sheet as at 31st March, 2016

(₹ in lakhs)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	1	1638.29	1638.29
Reserves and Surplus	2	65957.15	54184.65
		67595.44	55822.94
Deferred Government Subsidies	3	231.48	176.56
Non-Current Liabilities:			
Long-term Borrowings	4	42727.60	33918.24
Deferred Tax Liabilities (Net)	5	6069.49	4582.25
Other Long-term Liabilities	6	544.21	434.56
Long-term Provisions	7	726.39	491.25
		50067.69	39426.30
Current Liabilities :			
Short-term Borrowings	8	24613.71	18169.33
Trade Payables	9		
Dues to Micro Enterprises and Small Enterprises		-	-
Dues to other than Micro Enterprises and Small Enterprises		6685.94	4932.77
Other Current Liabilities	10	16937.72	12118.37
Short-term Provisions	7	4752.75	3435.70
		52990.12	38656.17
TOTAL		170884.73	134081.97
ASSETS			
Non-Current Assets			
Fixed Assets:			
Tangible Assets	11.1	82761.67	64226.39
Intangible Assets	11.2	49.84	57.34
		82811.51	64283.73
Capital Work-in-Progress		5613.74	4431.87
		88425.25	68715.60
Non-Current Investments	12	5000.06	5000.06
Long-term Loans and Advances	13	7615.83	4112.29
Trade Receivables	14	-	-
Other Non-Current Assets	15	-	-
		101041.14	77827.95
Current Assets :			
Inventories	16	43019.52	32068.26
Trade Receivables	14	17444.57	13854.53
Cash and Bank balances	17	373.81	328.34
Short-term Loans and Advances	13	4535.40	3828.83
Other Current Assets	15	4470.29	6174.06
		69843.59	56254.02
Net Assets of Okara Mills (Pakistan) (Refer Note No. 30.03)		-	-
TOTAL		170884.73	134081.97
Contingent Liabilities and Commitments	18		
Summary of significant accounting policies and other notes on accounts	30		

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 11th May, 2016

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Amit Dalal
Director

Dilip Kumar Ghorawat
Wholtime Director & CFO

C. S. Nopany
Executive Chairman

D.R. Prabhu
Company Secretary & Compliance officer

**Statement of Profit and Loss** for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
REVENUE:			
Revenue from Operations	19	227177.34	187858.42
Less: Excise Duty		44.25	36.83
Revenue from Operations(Net)		227133.09	187821.59
Other Income	20	3096.64	3967.79
Total Revenue		230229.73	191789.38
EXPENSES:			
Cost of Materials Consumed	21	117895.38	102874.50
Purchase of Traded Goods	22	14131.41	11149.42
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	931.83	228.29
Employee Benefits Expense	24	23659.84	17501.96
Other Expenses	25	42531.10	32855.36
Total		199149.56	164609.53
Profit before finance costs, depreciation & amortisation, exceptional item and tax		31080.17	27179.85
Finance Costs	26	4651.81	5298.64
Depreciation and Amortisation expenses	27	8437.70	6990.73
Profit before exceptional item and tax		17990.66	14890.48
Exceptional Item	28	387.77	68.17
Profit before tax		17602.89	14822.31
Tax Expenses :			
Current Tax	29	1779.81	2852.62
Deferred Tax		1487.24	423.79
Profit after Tax		14335.84	11545.90
Basic & Diluted Earnings Per Equity Share (of ₹10 each) (₹)	30.09	87.51	70.48
Summary of significant accounting policies and other notes on accounts	30		

The accompanying notes are an integral part of the financial statements.
In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 11th May, 2016

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Amit Dalal
Director

Dilip Kumar Ghorawat
Wholetime Director & CFO

C. S. Nopany
Executive Chairman

D.R. Prabhu
Company Secretary & Compliance officer

Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 1 : Share Capital

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
5,00,00,000 (Previous year 5,00,00,000) Equity Shares of ₹10 each	5000.00	5000.00
	5000.00	5000.00
Issued, subscribed and fully paid-up		
#1,63,82,862 (Previous year 1,63,82,862) Equity Shares of ₹10/- each fully paid-up	1638.29	1638.29
	1638.29	1638.29

Includes 54,60,954 Equity Shares allotted as fully paid-up Bonus Shares on 1st July, 2013.

Terms/ 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.

Reconciliation of the number of Equity Shares outstanding:

Particulars	As at 31st March, 2016	As at 31st March, 2015
Equity Shares outstanding at the beginning of the year	16382862	16382862
Add : Share issue during the period	-	-
Equity Shares outstanding at the end the of the year	16382862	16382862

Shareholders holding more than 5 percent Equity Shares of the Company:

S. No.	Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
		Number of Shares held	Percentage of holding	Number of Shares held	Percentage of holding
1	Uttar Pradesh Trading Co.Ltd.	3041697	18.57	3041697	18.57
2	Hargaon Investment & Trading Co. Ltd.	1711396	10.45	1711396	10.45
3	New India Retailing and Investment Ltd.	1706304	10.42	1706304	10.42
4	Yashovardhan Investment & Trading Co. Ltd.	1486836	9.08	1486836	9.08
5	Birla Institute of Technology and Science	1128658	6.89	1128658	6.89
6	Earthstone Holding (Two) Private Limited	980369	5.98	980369	5.98
7	Ronson Traders Ltd.	972373	5.94	972373	5.94

**Notes annexed to and forming part of Balance Sheet** as at 31st March, 2016**Note 2 : Reserves and Surplus**

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(i) General Reserve		
As per last Balance sheet	13505.96	12305.96
Add: Additions during the year	1500.00	1200.00
Closing Balance	15005.96	13505.96
(ii) Statement of Profit & Loss - Balance		
As per last Balance sheet	40678.69	32304.60
Add: Profit for the year	14335.84	11545.90
	55014.53	43850.50
Less: Allocation and appropriation :		
Proposed Dividend #	2129.77	1638.29
Corporate Dividend Tax	433.57	333.52
Transfer to General Reserve	1500.00	1200.00
Total	4063.34	3171.81
Closing Balance	50951.19	40678.69
Total Reserves and Surplus (i to ii)	65957.15	54184.65

The Board of Directors has recommended dividend of ₹13 per Equity Share (Previous year ₹10 per Equity Share) of ₹10 each for the year ended 31st March, 2016. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Note 3 : Deferred Government Subsidies

(₹ in lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
(i) Capital Subsidy sanctioned by The Jammu & Kashmir State Government on specific Fixed Assets				
As per last Balance sheet	19.24		20.72	
Less : Transferred to Statement of Profit & Loss	0.85	18.39	1.48	19.24
(ii) Capital Subsidy sanctioned by Ministry of Textiles under TUFs on specific Fixed Assets				
As per last Balance sheet	157.32		151.25	
Add: Sanctioned during the year	92.01		33.80	
	249.33		185.05	
Less : Transferred to Statement of Profit & Loss	36.24	213.09	27.73	157.32
		231.48		176.56

Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 4 : Long-term Borrowings

(₹ in lakhs)

Particulars	Non-current		Current maturities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(i) Secured :				
Term loans from Banks (a)	42727.60	33918.24	9362.69	7677.03
Total (i)	42727.60	33918.24	9362.69	7677.03
(ii) Amount disclosed under the head "Other current liabilities"			-9362.69	-7677.03
(Refer Note No. 10)				
Total (i)- (ii)	42727.60	33918.24	-	-

(a) (i) **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.

(ii) **Terms of repayments of non- current portion :**

Current year:

As at 31st March, 2016 (₹ in lakhs)	Rate of Interest	Repayments	
		No. of Installments	Periodicity
31444.64	9.40% to 10.15% linked with Base Rate	1-29	Quarterly Equal
5220.56	9.95% to 10.10% linked with Base Rate	1-19	Quarterly Graded
6062.40	9.50% to 10.10% linked with Base Rate	32	Quarterly Equal
42727.60			

Previous year:

As at 31st March, 2015 (₹ in lakhs)	Rate of Interest	Repayments	
		No. of Installments	Periodicity
10226.54	10.75% to 11.75% linked with Base Rate	1-27	Quarterly Equal
8822.88	10.75% to 11.25% linked with Base Rate	1-23	Quarterly Graded
14868.82	10.75% linked with Base Rate	32	Quarterly Equal
33918.24			

Note 5 : Deferred Tax Liabilities (Net)

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred Tax Liability on account of:		
Depreciation	7205.09	5654.05
	7205.09	5654.05
Deferred Tax Assets on account of:		
(i) Accrued expenses deductible on payment basis	1008.36	937.77
(ii) Others	127.24	134.03
	1135.60	1071.80
Deferred Tax Liability/(Assets)(Net)	6069.49	4582.25

**Notes annexed to and forming part of Balance Sheet** as at 31st March, 2016**Note 6 : Other Long-Term Liabilities**

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade Deposits	540.61	430.56
Employee Security Deposits	3.60	4.00
	544.21	434.56

Note 7 : Provisions

(₹ in lakhs)

Particulars	Long-term		Short-term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Employee Benefits	726.39	491.25	298.36	201.78
Loss on Forward Contracts	-	-	1.74	93.43
Income Tax (Net)	-	-	86.99	224.28
Others - Contingencies #	-	-	1802.32	944.40
Proposed Dividend	-	-	2129.77	1638.29
Corporate Dividend Tax	-	-	433.57	333.52
	726.39	491.25	4752.75	3435.70

Disclosure of provisions and contingencies as per Accounting Standard-29

(₹ in lakhs)

Particulars	Disputed Statutory Matters	Other Obligation	Total
Opening Balance	944.40	-	944.40
	(913.07)	(-)	(913.07)
Addition (including ₹479.69 lakhs on acquisition of Birla Textile Mills {Refer Note No. 30.05})	1206.93	-	1206.93
	(168.40)	(-)	(168.40)
Utilisation	-	-	-
	(-)	(-)	(-)
Reversal/ Paid	349.01	-	349.01
	(137.07)	(-)	(137.07)
Closing Balance	1802.32	-	1802.32
	(944.40)	(-)	(944.40)

(i) 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.

(ii) Figures in brackets represents previous year's amounts.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 8 : Short-Term Borrowings

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Secured :		
Loan repayable on demand		
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.	24613.71	18169.33
	24613.71	18169.33

Note 9 : Trade Payables*

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables (including acceptances)	6685.94	4932.77
	6685.94	4932.77

* 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.

Note 10 : Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long-term debts (Refer Note No.4)	9362.69	7677.03
Interest accrued and due on borrowings	386.85	448.29
Credit balance & advances received from customers	922.52	401.67
Advance against sale of fixed assets	-	200.00
Unpaid Dividend	86.32	65.63
Creditors for capital goods	1555.85	223.15
Statutory dues	819.78	432.11
Employees liabilities	3326.23	2182.06
Security Deposits	175.70	72.12
Rebate and Claims	173.27	173.21
Director's Commission	28.57	78.30
Others	99.94	164.80
	16937.72	12118.37



Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 11.1 & 11.2 : Fixed Assets

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK COST/BOOK VALUE				DEPRECIATION			NET BLOCK	
	As At 31st March, 2015 \$	Acquisition (Refer Note No. 30.05)	Additions	Deductions	As At 31st March, 2016	For the year ended 31st March, 2016	Deductions	As At 31st March, 2016	As At 31st March, 2015
Note 11.1									
(A) Tangible Assets									
Land	963.39	1764.04	-	13.67	2713.76	5.03	0.49	61.63	906.30
Building	27528.52	4097.54	5917.86	2.21	37541.71	849.98	1.84	6426.16	21950.50
Plant & Equipment	103000.03	6118.78	8228.62	863.52	116483.91	7257.44	804.24	69089.03	40313.86
Vehicles	977.20	51.48	140.11	65.59	1103.20	120.30	50.05	479.40	568.05
Furniture & Fixtures	1101.19	34.24	468.52	57.91	1546.04	100.90	44.30	899.79	258.00
Office Equipments	1072.84	9.06	191.19	145.36	1127.73	89.18	133.67	798.67	229.68
TOTAL (A)	134643.17	12075.14	14946.30	1148.26	160516.35	8422.83	1034.59	77754.68	64226.39
Previous year	116437.42	-	21279.51	3424.66	134292.27	6979.56	2700.39	70065.88	64226.39
Note 11.2									
(B) Intangible Assets									
Software and Designing rights	49.60	1.11	6.48	-	57.19	4.72	-	41.68	15.51
Software IT (ERP)	556.01	-	-	4.32	551.69	10.15	4.10	517.36	34.33
TOTAL (B)	605.61	1.11	6.48	4.32	608.88	14.87	4.10	559.04	49.84
Previous Year	593.74	-	11.87	-	605.61	11.17	-	548.27	57.34
(C) Capital Work-in- Progress									
Total (C)	-	-	-	-	-	-	-	-	4431.87
Total (A+B+C)	135248.78	12076.25	14952.78	1152.58	161125.23	8437.70	1038.69	78313.72	68715.60

Notes

- Land includes Freehold Land of ₹2267.68 lakhs (Previous year ₹511.11 lakhs) and Leasehold Land of ₹446.08 lakhs (Previous year ₹452.28 lakhs) In case of Kathua and Baddi unit Leasehold Land for ₹292.70 lakhs (Previous year ₹306.37 lakhs) and ₹7.62 lakhs respectively are pending for registration in the name of the units.
- Fixed assets includes share of the company in a Holiday Home at Haridwar jointly owned with other Bodies Corporates.
- Vehicle includes car purchased under hire purchase scheme original Cost ₹ Nil (Previous year ₹46.91 lakhs), W.D.V. ₹ Nil (Previous year ₹41.88 lakhs)
- Additions and Capital work-in- progress includes borrowing cost capitalised during the year amounting to ₹675.02 lakhs (Previous year ₹320.02 lakhs) (Borrowing cost capitalised during the current year includes ₹211.62 lakhs, which was charged to Statement of Profit & Loss account during previous year)
- Includes amount transfer from asset held for sale ₹50.34 lakhs (Original Cost ₹350.90 lakhs, depreciation thereon ₹300.56 lakhs) on being reinstalled for use.
- Represents Amortisation of Lease Rent.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 11.1 & 11.2 : Fixed Assets (contd.)

- 5 Capital work-in-progress includes pre-operative expenses and Trial run expenses incurred during construction period related to expansion projects :

(₹ in lakhs)

Particulars	As at	
	31st March, 2016	31st March, 2015
Pre-operative expenses other than trial run		
Salaries , Wages and Bonus	39.85	64.99
Contribution to Provident and other funds	0.56	6.37
Consumption of stores & spares	11.52	25.24
Power, Fuel & Water Charges	24.55	-
Insurance	14.79	19.38
Miscellaneous Expenses	46.38	20.02
Interest Expenses	166.22	320.02
Other Borrowing cost	23.60	40.79
Trial Run Expenses		
Salaries , Wages and Bonus	-	171.96
Contribution to Provident and Other funds	-	26.62
Raw material consumed	-	2125.71
Consumption of stores & spares	-	258.30
Power, Fuel & Water Charges	-	226.44
Freight & Forwarding Expenses	-	39.60
Selling commission and brokerage	-	31.45
Miscellaneous Expenses	-	10.50
Interest Expenses and Borrowing cost	-	462.13
	327.47	3849.52
Less :		
Yarn Sales (net of excise duty - Nil)	-	1980.25
Waste Sales (net of excise duty -Nil)	-	94.74
Stock Transfer to Yarn Division	-	403.66
Inventories as at October 31, 2014		
Work-in-progress	-	283.24
Finished goods	-	570.18
	327.47	517.45
Less : Allocated to Fixed Assets during the Year	-	483.16
Balance carried forward pending for allocation	327.47	34.29

**Notes annexed to and forming part of Balance Sheet** as at 31st March, 2016**Note 12 : Non-Current Investments**

(₹ in lakhs)

Particulars	Shares (Nos.)	Face Value Shares (₹)	As at	As at
			31st March, 2016	31st March, 2015
Long Term Investment (Non-Trade)				
Unquoted (Fully paid-up) (at cost)				
A) In Equity Shares of Co-operative Bank :				
The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi	50	100	0.05	0.05
B) Investments in Government & Trust Securities :				
National Saving Certificates (VIII Issue) (Lodged as Security Deposit)			0.01	0.01
C) Investment in Preference Shares :				
8.50% Cumulative Redeemable Preference Shares fully paid-up in The Oudh Sugar Mills Ltd.	50000000	10	5000.00	5000.00
Aggregate amount of Unquoted Investments			5000.06	5000.06

Note 13 : Loans and Advances

(₹ in lakhs)

Particulars	Long-term		Short-term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, Considered Good unless otherwise stated)				
(i) Capital Advances	3171.30	1607.60	-	-
(ii) Security Deposits	526.26	398.69	11.81	21.47
(iii) Balances with Excise and Custom Department				
Considered Good	-	-	2541.09	2067.14
Considered Doubtful	-	-	120.16	120.16
	-	-	2661.25	2187.30
Less: Provision for non-usable Cenvat credit	-	-	(120.16)	(120.16)
	-	-	2541.09	2067.14
(iv) Advances Recoverable in Cash or in Kind				
Considered Good	-	-	1766.65	1631.80
(v) Other Loans and Advances				
Income Tax Refund Receivable	-	-	1.80	1.80
MAT credit entitlement @	3904.83	2098.64	-	-
Prepaid Expenses	13.44	7.36	214.05	106.62
	3918.27	2106.00	215.85	108.42
TOTAL (i to v)	7615.83	4112.29	4535.40	3828.83

@ 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.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2016

Note 14 : Trade Receivables

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, Considered Good unless otherwise stated)				
(a) Outstanding for more than six months (from due date)				
Considered Good	-	-	194.45	260.07
Considered Doubtful	-	-	168.11	162.09
(b) Other receivables	-	-	17250.12	13594.46
	-	-	17612.68	14016.62
Less: Provision for Doubtful			(168.11)	(162.09)
	-	-	17444.57	13854.53

Note 15 : Other Assets

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, Considered Good unless otherwise stated)				
(i) Export Benefits/ Claims Receivable				
Considered Good	-	-	1701.95	3364.32
Considered Doubtful	-	-	15.53	41.18
			1717.48	3405.50
Less: Provision for Doubtful	-	-	(15.53)	(41.18)
	-	-	1701.95	3364.32
(ii) Others, Considered Doubtful	-	-	42.49	42.49
Less: Provision for Doubtful	-	-	(42.49)	(42.49)
	-	-	-	-
(iii) Government Subsidies Receivable				
Considered Good	-	-	2726.08	2315.98
	-	-	2726.08	2315.98
(iv) Fixed Assets held for sale (At lower of net book value or net realisable value)			23.75	485.08
(v) Interest accrued on Deposits	-	-	18.51	8.68
TOTAL (i to v)	-	-	4470.29	6174.06

Note 16 : Inventories

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Valued at lower of cost or net realisable value except waste at net realisable value)		
Raw Materials (includes own produced goods)	18245.65	11279.73
Work-in-Progress	5965.02	6079.01
Finished Goods	16008.52	12438.86
Traded Goods	215.32	11.43
Stores and Spare-parts,etc.	2439.50	2037.88
Waste	145.51	221.35
Total	43019.52	32068.26
Goods in transit included in above inventories are as under :		
Raw Materials	1462.93	769.88
Stores and Spare-parts,etc	66.23	74.02

**Notes annexed to and forming part of Balance Sheet** as at 31st March, 2016**Note 17 : Cash and Bank balances**

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Cash and cash equivalents:		
Cash Balance on hand	46.48	39.51
Balance with banks in:		
Current Accounts	184.68	181.22
Cash Credit Accounts(debit balance)	2.02	2.01
(b) Earmarked balances with banks:		
Unpaid Dividend Account	86.32	65.63
Fixed Deposit Accounts (lodged as Security Deposit)	18.09	17.09
Employees Security Deposit Accounts	36.20	22.86
Deposit in Post Office Saving Bank Accounts (lodged as Security Deposit)	0.02	0.02
	373.81	328.34

Note 18 : Contingent Liabilities and Commitments

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 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	202.24	69.31
2 Other matters for which the Company is contingently liable:		
a) Demand raised by Excise Department for various matters	201.88	216.08
b) Demand for Service Tax	23.91	23.91
c) Demand for Entry Tax (penalty & interest) (Net of ₹582.59 lakhs (Previous year ₹582.59 lakhs) provided in accounts/ paid)	638.83	555.50
3 Bills Discounted with Bankers (Since Realised upto 30.04.2016 ₹1013.57 lakhs, Previous year ₹1530.62 lakhs)	2157.84	3831.08
4 The Company has procured certain capital goods under EPCG Scheme at concessional rate of duty. As on 31st March, 2016 the Company is contingently liable to pay differential custom duty ₹280.01 lakhs (Previous year Nil) 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	16691.36	4360.43
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.		

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2016

Note 19 : Revenue from Operations

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(i) Sale of Manufactured goods :		
Cotton Yarn	76866.17	59139.14
Man Made Fibres Yarn	118618.11	99474.28
Fabrics	72.67	2937.98
Home Furnishing Fabrics	6360.76	4506.83
Waste	3175.28	2167.36
Dyed Man-made fibre	-	120.02
Total (i)	205092.99	168345.61
(ii) Sale of Traded goods:		
Cotton Yarn	9850.32	6121.41
Man Made Fibres Yarn	4809.91	5378.15
Home Furnishing Fabrics	35.67	37.07
Others	108.86	348.12
Total (ii)	14804.76	11884.75
(iii) Sale of services :		
Job Processing	2390.25	1986.90
Others	424.29	136.28
Total (iii)	2814.54	2123.18
Aggregate sale of goods and services (i to iii) @	222712.29	182353.54
(iv) Other Operating Revenue :		
Export incentives	4465.05	4573.89
Insurance claim (finished goods)	-	930.99
Total (iv)	4465.05	5504.88
Revenue from Operations (Gross) (i to iv)	227177.34	187858.42
Less: Excise Duty	44.25	36.83
Revenue from Operations (Net)	227133.09	187821.59

@ Sales includes Export Sales of ₹58253.52 lakhs (Previous year ₹44969.68 lakhs).

Note 20 : Other Income

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Dividend from Non-current Investment (Non-Trade)	0.01	0.02
Profit on sale of Current Investment	-	27.97
Interest from Bank Deposits	6.89	2.87
Interest from Inter-Corporate Deposits	471.02	596.97
Interest from others #	1247.67	1523.45
Profit on sale/discard of Fixed Assets (Net) *	45.86	23.04
Miscellaneous Income @	534.56	446.98
Excess provisions and unspent liabilities written back	173.48	166.64

**Notes annexed to and forming part of Statement of Profit and Loss** for the year ended 31st March, 2016**Note 20 : Other Income** (contd.)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Income relating to previous year (Net)	26.45	-
Net Gain on Foreign Currency transactions and translation ## {Net of Loss on Cancellation of Forward Contracts of ₹2.72 lakhs (Previous year ₹34.32 lakhs)}	111.89	865.94
Provision for Doubtful Debts/ Claims written back	19.26	10.50
Sundry credit balances written back (Net)	299.89	191.75
Insurance Claims	122.57	82.45
Deferred Government Subsidies	37.09	29.21
	3096.64	3967.79

Includes ₹66.08 lakhs (Previous Year ₹74.28 lakhs) on account of Interest subsidy under Rajasthan Investment Promotion Scheme (RIPS) and ₹5.30 lakhs (Previous Year ₹461.47 lakhs) being 3% Central interest subsidy received on working capital loans.

* Net of Provision for loss ₹810.19 lakhs (Previous year Nil) provided in earlier years on assets held for sale.

@ Include ₹11.68 lakhs (Previous Year ₹51.94 lakhs) being Insurance Subsidy received under Central Government Scheme.

The Company has complied with the announcement issued by the Institute of Chartered Accountants of India (ICAI) on 'Accounting for Derivatives' requiring provision for loss on outstanding derivative contracts not covered by AS-11 by marking them to market rate. Accordingly loss on forward contracts amounting to ₹1.74 lakhs (Previous year ₹93.43 lakhs) is netted herein.

Note 21 : Cost of Materials Consumed

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Cotton	34077.14	25719.13
Man Made Fibres	70435.39	64788.18
Yarn	4727.43	4477.79
Dyes & Chemicals	8655.42	7889.40
	117895.38	102874.50

Note 22 : Purchase of Traded Goods

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Cotton Yarn	9296.36	5738.64
Man Made Fibres Yarn	4699.22	5074.33
Home Furnishing Fabrics	32.43	33.70
Others	103.40	302.75
	14131.41	11149.42

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2016

Note 23 : Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Inventories as at 31st March, 2016		
Work-in-Progress (a)	5965.02	6079.01
Finished Goods (b)	16008.52	12438.86
Traded Goods (c)	215.32	11.43
Waste	145.51	221.35
	22334.37	18750.65
Inventories as at 31st March, 2015		
Work-in-Progress (a)	6079.01	5493.72
Finished Goods (b)	12438.86	12337.67
Traded Goods (c)	11.43	154.58
Waste	221.35	139.55
	18750.65	18125.52
Add:		
Inventories acquired from BTM on 1st April, 2015 (Refer Note No.30.05) (Previous year transferred from trial run production on 31st October, 2014) :		
Work-in-Progress	896.73	283.24
Finished Goods	3602.45	570.18
Waste	16.37	-
	4515.55	853.42
	931.83	228.29
Details of Inventories are given below:		
(a) Work-in-Progress :		
Cotton Yarn	2120.72	2063.43
Man Made Fibres Yarn	3625.93	3568.10
Yarn	31.32	35.44
Fabrics	42.42	48.26
Job work	144.63	363.78
	5965.02	6079.01
(b) Finished Goods :		
Cotton Yarn	2195.13	2418.67
Man Made Fibres Yarn	12178.59	8697.70
Fabrics	2.49	102.10
Home Furnishing Fabrics	1632.31	1220.39
	16008.52	12438.86
(c) Traded Goods :		
Cotton Yarn	94.68	-
Man Made Fibres Yarn	120.64	11.43
	215.32	11.43

**Notes annexed to and forming part of Statement of Profit and Loss** for the year ended 31st March, 2016**Note 24 : Employee Benefits Expense @**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salaries, wages and bonus	20611.48	15191.68
Contribution to provident and other funds	2628.35	1918.11
Employee welfare expenses	420.01	392.17
	23659.84	17501.96

@ Net of amount capitalised refer Note No. 11.

Note 25 : Other Expenses @

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Processing and Job Charges	724.25	652.97
Consumption of Stores & Spares	3818.34	2967.11
Consumption of Packing Materials	3206.21	2718.42
Power, Fuel and Water Charges	19934.81	14479.34
Rent	161.66	163.47
Insurance(Net)	566.10	309.89
Rates and Taxes*	33.72	33.55
Repairs and Maintenance:		
Buildings	590.94	716.77
Machinery	2426.41	1797.45
Others	196.34	123.32
Freight & Forwarding Expenses, etc .	4617.53	3966.71
[Net of recovery of ₹597.44 lakhs (Previous year ₹361.83 lakhs)]		
Selling Commission & Brokerage	1887.22	1551.07
Rebates, Compensation and Cash Discounts	964.22	1115.65
Miscellaneous Expenses \$	3012.87	1902.49
Auditors Remuneration #	65.01	51.13
Expenses relating to previous year (Net)	-	24.96
Charity and Donation ##	226.99	170.61
Bad Debts/ Claims	19.80	
Less: Provision for Bad Debts/ Claims	(19.80)	-
Provision for Doubtful Debts	19.44	-
Directors' Commission & Fees	79.04	110.45
	42531.10	32855.36

@ Net of amount capitalised refer Note No. 11.

* Includes Sales tax ₹0.01 lakh (Previous year ₹0.42 lakh) and Wealth Tax Nil (Previous year ₹6.80 lakhs).

\$ Amount includes Corporate social responsibility expenses ₹19.10 lakhs (Previous year ₹54.64 lakhs) and Net of credit of Nil (Previous year ₹308.37 lakhs) for Sharing Common Expenses with a body corporate.

Includes ₹100 lakhs given to Samaj Electoral Trust Association. (Previous year ₹50 lakhs).

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2016

Note 25 : Other Expenses (contd.)

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
# Auditors Remuneration * :		
Statutory Auditor:		
As Auditor	16.60	15.17
For Tax Audit	3.69	3.43
For Limited Review	4.95	3.52
In other Capacity, for		
Certifications and other matters	3.80	2.64
Travelling and other out of pocket expenses	3.41	3.22
Branch Auditor:		
As Auditor	29.16	19.00
Travelling and other out of pocket expenses	1.47	2.40
Cost Auditor:		
As Auditor	1.86	1.44
Certification and Advices	0.07	0.09
Travelling and other out of pocket expenses	-	0.22
Total	65.01	51.13

* Including service tax wherever applicable.

Note 26 : Finance Costs @

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest Expenses #	4485.21	5248.68
Other Borrowing costs	73.85	46.75
Loss on Foreign Currency transactions and translation (considered as finance costs)	92.75	3.21
	4651.81	5298.64

@ Net of amount capitalised refer Note No. 11.

Net of interest subsidies under TUF (Technology Upgradation Fund) scheme amounting to ₹1390.35 lakhs (Previous year ₹1570.37 lakhs).

Note 27 : Depreciation and Amortization expenses

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Depreciation of tangible assets (Refer Note No.11.1)	8422.83	6979.56
Amortisation of intangible assets (Refer Note No.11.2)	14.87	11.17
	8437.70	6990.73

**Notes annexed to and forming part of Statement of Profit and Loss** for the year ended 31st March, 2016**Note 28 : Exceptional Items**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(i) Provision for loss on Plant & Machineries held for sale pertaining to Power Plant of Daheli unit :		
WDV as on 31.03.2015		810.19
Less: Provision for Impairment	-	676.23
(ii) Gain on sale of Plant & Machinery pertaining to weaving unit (Part of fabric division) at Daheli		(65.79)
(iii) Urban Cess levied on Electricity purchased during April, 2010 to March, 2015	387.77	-
	387.77	68.17

Note 29 : Current Tax

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Tax Expenses	3586.00	3155.00
Add: MAT Credit Utilised	973.00	200.00
Total Current Tax for the year	4559.00	3355.00
Less: MAT Credit Entitlement relating to earlier year *	(2779.19)	(500.00)
	1779.81	2855.00
Current Tax adjustments for earlier years (Net)	-	(2.38)
	1779.81	2852.62

* During the year Income Tax Appellate Tribunal (ITAT) and CIT (Appeals) have decided in favor of the company in respect of claims filed by the company for considering certain subsidies received in earlier years as capital subsidies, and has reassessed tax liability relating to those years and allowed carried forward of revised MAT entitlements of ₹2660.85 lakhs, which has been accounted for during the year. In respect of similar matters, where appeals/ assessments are pending for disposal no adjustments have been carried out in the books.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30 : Summary of significant accounting policies and other notes on accounts:

Note 30.01: Nature of Operations

The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man made Fibres blended yarn & Cotton Yarn and Fabrics. It has Three spinning units viz. Rajasthan Textile Mills, Bhawanimandi (Raj), Chenab Textile Mills, Kathua (J & K) & Birla Textile Mills, Baddi (H.P.) (acquired w.e.f. 1st April, 2015), one Home Textiles unit viz. Damanganga Home Textiles and one processing unit viz. Damanganga Fabrics, at Village Daheli, near Bhilad (Gujarat).

Note 30.02: Summary of significant accounting policies

(A) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standard notified under section 133 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis except in case of interest on overdue debts from customers and certain incentives on procurement of raw materials which are accounted for on receipt basis on account of uncertainties.

(B) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

(C) Classification of Assets and Liabilities as Current and Non Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

(D) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The carrying amounts are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(E) Expenditure on new projects , substantial expansion and during construction period

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit & Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its originally assessed standard of performance.

Expenditure during construction/installation period is included under capital work-in-progress and the same is allocated to respective fixed assets on the completion of its construction.

(F) Investments

Non Current (Long term) investments are stated at cost . The Company provides for diminution other than temporary in the value of Non Current (Long term) investments. Current investments are valued at lower of cost or fair value.



Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30 : Summary of significant accounting policies and other notes on accounts: (contd.)

G) Inventories

- i) Inventories are valued as follows:

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. Also refer Note No. 30.02 (I) (iii) herein below.
Waste	At net realisable value.

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) Work-in-progress, finished goods and traded goods have been valued as per the principles and basis consistently followed.
- iii) Provision for obsolete/ old inventories is made, wherever required.
- iv) Inter unit transfers of material for further processing is being made at market rate prevailing at the time of such transfers and inventories of such "transfers" could not be identified separately. Therefore for the purpose of determining weighted average cost, transfer price has been considered. In the opinion of the management such valuation have no material impact on inventory valuation and such stock at the year end are shown as part of raw materials inventory.
- v) 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.

(H) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(I) Revenue Recognition

- (i) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.
- (ii) 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.
- (iii) 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.
- (iv) Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

(J) Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income or deducted from the relevant expense in the year of sanction of grant or subsidy.

Government subsidies relating to depreciable fixed assets are treated as deferred income as per Accounting Standard - 12, which are recognised in Statement of Profit and Loss over the useful life of the respective assets.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30 : Summary of significant accounting policies and other notes on accounts: (contd.)

(K) 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.

(L) Retirement and other employee benefits

- (i) Retirement benefits in the form of provident fund and superannuation scheme, which are defined contribution plans, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.
- (ii) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary using the projected unit credit method.
- (iii) Gratuity liability is being contributed to the gratuity fund formed by the Company.

(M) Foreign Currencies

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items related to foreign currencies transactions are restated at year end exchange rates. All exchange differences arising from such conversion including gain or loss on cancellation of foreign currency forward covers are included in the Statement of Profit and Loss. Premium/Discount on forward contracts covered by AS-11 is recognised over the length of the contract.

(N) Derivatives

Outstanding derivatives contracts, other than those covered under AS-11, at the year end are marked to market rate, and loss, if any, are accounted for in the Statement of Profit and Loss. As prudent accounting policy, gain on marked to market at the end of year are not accounted for.

(O) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying fixed assets, are capitalised as part of the cost of such assets upto the date of commencement of commercial production/put to use of plant. Other borrowing costs are charged to revenue.

(P) Depreciation

Depreciation on fixed assets installed upto 31.3.1992 provided at written down value method and depreciation on assets installed on or after 1.4.1992 has been charged at straight line method with reference to the economic useful life of its fixed assets as prescribed in Schedule II to the Companies Act, 2013 or re-assessed by the Company on technically assessed, as given below. As per the assessment made by the management, fixed assets (other than building) does not comprises any significant components with different useful life.

		Useful lives as per technical certificate
1	Non Factory Buildings	58 years
2	Plant & Machinery (Single Shift basis)	18 years & 4 months / 20 years
3	Furniture and fixture	5-10 years

Depreciation on additions due to machinery spares is provided retrospectively from the date the related assets are put to use. 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. Software and designing rights being intangible assets are depreciated over five years. Individual assets costing below ₹5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

(Q) Taxation

Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws. Deferred tax for timing differences between the book and taxable Income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future and the same is reviewed at each Balance Sheet date.



Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30 : Summary of significant accounting policies and other notes on accounts: (contd.)

Minimum alternate tax (MAT) credit is recognized as an asset 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 in accordance with the recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlements. The Company reviews the same at each balance sheet date and written down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(R) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Primary Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities, which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, have been classified as unallocated.

Secondary segment is identified based on geography by location of customers i.e. in India and outside India.

Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

Results of the other segment have not been shown separately as the same is not material.

(S) Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term which reflect the time pattern of such payment appropriately.

Note 30.03

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 ₹232.35 lakhs, the demerged/transferor Company had received adhoc compensation of ₹25 lakhs 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 ₹207.35 lakhs (net of compensation received) as on 31.03.1965, valued at pre-devaluation exchange rate, has been provided for.

Note 30.04

Proportionate expenses reimbursed for utilising services of establishments maintained by other entities have been included in respective heads of expenses.

Note 30.05

The Company 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 w.e.f. 1st April, 2015 for a fixed consideration of ₹23263.18 lakhs under the business transfer agreement. The consideration has been settled by the Company in cash. All the acquired assets and liabilities have been accounted at fair value on the date of acquisition. The fair value has been allocated to the net assets acquired as below

Particulars	(₹ in lakhs)
ASSETS	
Fixed Assets	12500.00
Current Assets	13127.91
LIABILITIES	
Current Liabilities	(2364.73)
Net Assets Acquired (Value of Business Purchase)	23263.18

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.06 : Disclosure as per Accounting Standard - 15 (Employee benefits)

(₹ in lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Define Contribution Plan -		
The Company has recognized the following amounts in the Statement of Profit and Loss for the year		
Contribution to employees provident fund	1477.05	1162.31
Contribution to superannuation fund	33.59	27.95
Define Benefit Plan -		
The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005):		
(a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):		
Opening DBO	2857.15	2521.32
Adjustment on acquisition of BTM	292.82	-
Past & current service cost	430.02	304.91
Interest cost	228.57	214.31
Contribution by planned participants actuarial (gain)/loss	139.83	98.37
Benefits paid	(312.54)	(281.76)
Closing DBO	3635.85	2857.15
(b) A reconciliation of opening and closing balances of the fair value of plan assets:		
Opening fair value of plan assets	2857.15	2521.32
Adjustment on acquisition of BTM	292.82	-
Expected return	180.66	259.14
Actuarial gain/(loss)	27.46	44.66
Contribution by the employer	590.30	313.79
Benefits paid	(312.54)	(281.76)
Closing fair value of plan assets	3635.85	2857.15
(c) A reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets recognized in the balance sheet:		
Present value of defined benefit obligation at the end of the period	3635.85	2857.15
Fair value of the plan assets at the end of the year	3635.85	2857.15
Liability recognized in the balance sheet	-	-
(d) The total expense recognised in the Statement of Profit and Loss:		
Past & Current service cost	430.02	304.91
Interest cost	228.57	214.31
Expected return on plan assets	(180.66)	(259.14)
Actuarial (gains)/loss	112.37	53.71
Net gratuity cost ([Including Capitalised ₹0.15 lakh (Previous year ₹2.29 lakhs)]	590.30	313.79



Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.06 : Disclosure as per Accounting Standard - 15 (Employee benefits) (contd.)

(₹ in lakhs)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
(e) 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:	%	%
State/Govt. of India securities	39	40
Corporation Bonds /Fixed Deposit with Banks	12	18
Special Deposit Scheme with Bank	11	13
HDFC GROUP unit linked plan - Option B	25	25
Other investments- UTI master shares	4	4
LIC Fund	9	-
(f) Actual return on plan assets	6.56%	12.05%
(g) Following are the principal actuarial assumptions used as at the balance sheet date:		
Discount rate	7.75%	8.00%
Expected rates of return on any plan assets	6.56%	12.05%
Average salary escalation rate	6.50%	6.00%
Average remaining working life of the employees(years)	23.75	23.34
The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.		

(h) The amounts for the current and previous four periods in respect of gratuity plan are as follows:

(₹ in lakhs)

Particulars	Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	3635.85	2857.15	2521.32	2196.70	1901.80
Plan assets	3045.55	2543.36	2150.65	1907.83	1740.84
(Surplus) / deficit	590.30	313.79	370.67	288.87	160.96
Experience adjustment on plan assets- gain/(loss)	(123.73)	133.47	7.54	40.24	3.04
Experience adjustment on plan liabilities- gain/(loss)	125.71	31.68	(107.42)	(71.04)	43.36

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.07 : Segment Reporting

The following tables present the revenue, profit, assets and liabilities information relating to the Business/Geographical segment for the year ended 31.03.2016.

Information about Business Segment - Primary

(₹ in lakhs)

Reportable Segments	Yarn		Fabrics		Total	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Revenue						
Revenue from operations	217671.85	177734.90	9461.24	10086.69	227133.09	187821.59
Inter Segment Revenue	2.44	679.42	-	-	2.44	679.42
Total revenue from operations	217674.29	178414.32	9461.24	10086.69	227135.53	188501.01
Result						
Segment result	20954.06	19295.03	676.50	(775.56)	21630.56	18519.47
Finance costs					4651.81	5298.64
Exceptional items					387.77	68.17
Unallocated corporate income (Net of expenses) #					1011.91	1669.65
Profit before tax					17602.89	14822.31
Less: Provision for taxation-Current tax					1779.81	2852.62
- Deferred tax					1487.24	423.79
Profit after Tax					14335.84	11545.90
Other Information						
Segment assets	148893.94	115923.94	12754.17	10244.46	161648.11	126168.40
Unallocated corporate assets					9236.62	7913.57
Total Assets					170884.73	134081.97
Segment liabilities	15336.43	9122.83	1753.62	1782.76	17090.05	10905.59
Unallocated corporate liabilities					8876.91	6963.98
Borrowing including interest thereon					77090.85	60212.90
Total Liabilities					103057.81	78082.47
Capital expenditure	27067.14	19166.89	2707.46	678.04	29774.60	19844.93
Depreciation	7765.57	6212.90	672.13	777.83	8437.70	6990.73
Non-cash expenditure other than Depreciation & amortisation					19.44	133.96

Secondary Segment - Geographical by location of customers

(₹ in lakhs)

Reportable Segments	Domestic		Export		Total	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Revenue from operations	164416.96	138957.44	62718.57	49543.57	227135.53	188501.01

Results of the other segment have not been shown separately as the same is not material.



Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.07 : Segment Reporting (contd.)

Other Information:

- (i) The Company is organised into two main business segments, namely;
- Yarn comprising of Cotton and Man Made Fibres Yarn;
 - Fabrics comprising of Home Furnishings and Fabric processing.
- (ii) The segment revenue in the geographical segments considered for disclosure are as follows:
- (a) Revenue within India includes sales to customers located within India and earnings in India.
- (b) Revenue outside India includes sales to customers located outside India and earnings outside India and export incentives benefits.
- (iii) The company has common assets for producing goods for domestic market and overseas market. However, it has export trade receivable ₹5696.51 lakhs (Previous year ₹.3671.99 lakhs).

Note 30.08 : Related Party Disclosure

(a) Key Management Personnel and their relatives

Shri C S Nopany (Executive Chairman w.e.f. 01.07.2015)
 Shri S.K. Khandelia [President]
 Smt. Manju Khandelia (wife), Smt. Indra Devi Khandelia (mother),
 & Shri Anurag Khandelia (son)
 Shri Dilip Kumar Ghorawat (Wholetime Director & CFO)

(b) Transactions with Related Parties during the year:

(₹ in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
1 Fixed deposits paid				
Shri S.K. Khandelia	-	185.10		
Smt. Indra Devi Khandelia			-	71.50
Smt. Manju Khandelia			-	534.00
Shri Anurag Khandelia			-	225.00
2 Remuneration:(includes in Employee Benefits Expense) \$				
Shri. C S Nopany #	688.00	-		
Shri S.K. Khandelia	378.86	299.62		
Shri Dilip Kumar Ghorawat	69.91	65.46		
3 Director Sitting Fees				
Shri. C S Nopany	1.50	-		
4 Rent paid (including ₹1.32 lakhs payable at the year end)				
Shri. C S Nopany	3.96	-		

The remuneration includes commission ₹463 lakhs payable subject to approval of shareholders in the ensuing Annual General Meeting.

\$ Remuneration to Key managerial personnel do not include provision for leave encashment and contribution to the approved gratuity fund of the Company, which are actuarially determined for the Company as a whole.

Note: The above information has been identified on the basis of information available with the Company and relied upon by the Auditors.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.09 : Earnings per Share (EPS)

Earnings per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Profit/(Loss) attributable to the Equity Shareholders (A) (₹ in lakhs)	14335.84	11545.90
Number of Equity Shares (B)	16382862	16382862
Nominal value of Equity Shares (₹)	10	10
Basic and Diluted Earnings per Share (₹)-A/B	87.51	70.48

Note 30.10 : Disclosure as specified in Schedule V of SEBI (Listing Obligation and Disclosure requirements) regulation 2015:

(₹ in lakhs)

Name of the Loanee	Maximum amount outstanding during the year	Outstanding at the year end
Upper Ganges Sugar & Inds. Ltd.	4000.00	-
	(4000.00)	(-)

Note 30.11 :

i) Outstanding forward contracts in respect of foreign currencies for hedging purposes are as follows: (Figures in lakhs)

Particulars	Buy		Sell	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Currency				
USD	-	21.00	46.50	97.68
EURO	18.10	12.49	3.12	9.45
GBP	-	-	0.24	0.28

Note : Cross currency is INR for above outstanding forward contracts.

ii) Foreign currency exposure not hedged by a derivative instrument or otherwise: (Figures in lakhs)

Particulars	Sundry creditors for goods, services and expenses		Loans and Other liabilities #	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Currency				
USD	5.98	3.33	8.22	2.53
INR	396.20	205.99	544.22	158.51
EURO	0.08	0.03	0.02	0.03
INR	5.99	1.89	1.81	1.88
GBP	-	-	0.02	0.06
INR	-	-	1.74	5.09

Excluding USD 190.47 lakhs (₹12717.71 lakhs) and EURO 1.97 lakhs (₹147.56 lakhs) [Previous year USD 42.08 lakhs (₹2607.83 lakhs) and EURO Nil] for PCFC availed from Bank against underlying export order

**Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss**

Note 30.11 : (contd.)

(Figures in lakhs)

Particulars	Advances to Creditors for goods, services and expenses		Trade receivable	
	As at	As at	As at	As at
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Currency				
USD	0.34	0.27	79.37	2.01
INR	22.88	16.51	5298.42	125.64
EURO	0.23	2.55	-	0.02
INR	17.33	179.18	-	1.37
CHF	0.10	0.09	-	-
INR	7.21	5.76	-	-
GBP	-	-	0.50	0.19
INR	-	-	47.96	17.59

Note 30.12 : Value of imported and indigenous materials consumed and percentage thereof

(Value in ₹ in lakhs)

Particulars	For the year ended		For the year ended	
	31st March, 2016		31st March, 2015	
	Value	%	Value	%
Indigenous	115961.35	98.36	101535.58	98.70
Imported	1934.03	1.64	1338.92	1.30
	117895.38	100.00	102874.50	100.00

Note 30.13 : Disclosure u/s 186(4) of the Companies Act, 2013

a) Particulars of Loans given :-

(₹ in lakhs)

Sr. No	Name of the Loanee	Loan given during the Financial year 2015-16	Loan repaid during the Financial Year 2015-16	Outstanding balance as on March 31,2016	Purpose
1	Upper Ganges Sugar & Industries Ltd	4000.00	4000.00	-	Business
		(4000.00)	(4000.00)	(-)	purpose

b) Particulars of Investments made:-

(₹ in lakhs)

Sr. No	Name of the Investee	Investment made during Financial year 2015-16	Outstanding Balance as on March 31,2016
1	Investment in 8.50% Cumulative Redeemable Preference shares fully paid-up in The Oudh Sugar Mills Ltd.	-	5000.00
		(-)	(5000.00)

Note -Figures in brackets represents previous year's amounts.

Note 30.14 : Value of imported and indigenous stores , spare-parts consumed and percentage thereof

(Value in ₹ in lakhs)

Particulars	For the year ended		For the year ended	
	31st March, 2016		31st March, 2015	
	Value	%	Value	%
Indigenous	3446.15	90.25	2670.89	90.02
Imported	372.19	9.75	296.22	9.98
	3818.34	100.00	2967.11	100.00

Note: Excluding charged to Machinery Repairs & Capitalised.

Notes annexed to and forming part of Balance Sheet and Statement of Profit and Loss

Note 30.15 : C.I.F.value of imports

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Raw Materials	1466.17	1877.58
Stores and Spare Parts	486.94	408.40
Capital Goods	1915.03	2579.47
(Taken on the basis of actual receipt in the Mills Premises irrespective of date of payment)		

Note 30.16 : Earning in foreign exchange

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Export on F.O.B. Basis	57327.23	43611.06

Note 30.17 : Expenditure in foreign currency

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(on accrual basis)		
Travelling	163.84	84.50
Export Sale Compensation/claims	76.91	34.70
Commission	678.65	406.59
Legal & Professional Charges	31.65	74.67
Donation	126.78	120.51
Others	31.59	17.68

Note 30.18 : Remittance in foreign currency on account of dividends

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Amount of Dividend related to 2014-15 remitted in Foreign Exchange (₹)#	-	-
Number of Non-Resident Shareholders	161	146
Number of Shares held by such Non-Resident Shareholders	38081	38050

Deposited in Indian Rupees in the Bank Accounts maintained by the shareholders in India.

Note 30.19

Figures for the year ended includes figures of Birla Textile Mills acquired w.e.f. 1st April 2015 and hence not comparable with corresponding previous period. Previous year figures have been regrouped/rearranged wherever necessary.

Signatures to Notes 1 to 30.19

In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 11th May, 2016

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Amit Dalal
Director

Dilip Kumar Ghorawat
Wholtime Director & CFO

C. S. Nopany
Executive Chairman

D.R. Prabhu
Company Secretary & Compliance officer

**Cash Flow Statement** for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(A) Cash flow from operating activities		
a. Net profit before tax	17602.89	14822.31
Adjustment for :		
Depreciation and amortisation expenses	8437.70	6990.73
Finance Costs (Net of capitalised)	4651.81	5298.64
Interest received	(1725.58)	(2123.30)
Dividend from non-current investment (Non-Trade)	(0.01)	(0.02)
Profit on sale of current investment	-	(27.97)
Deferred Government subsidies	(37.09)	(29.21)
Profit on sale/discard of Fixed Assets (Net)	(45.86)	(23.04)
Exceptional Items	-	68.17
b. Operating profit before working capital changes	28883.86	24976.31
Adjustment for :		
Trade and other receivables	720.74	(481.78)
Inventories	(1545.02)	6292.12
Grants / Subsidy from Government (revenue in nature)	393.98	80.93
Trade payables & other liabilities	2568.07	(2583.60)
c. Cash generated from operations	31021.63	28283.98
Direct taxes (paid) / refund (Net)	(3710.73)	(3263.93)
Net cash (used in)/from operating activities (A)	27310.90	25020.05
(B) Cash flow from investing activities		
Sale of fixed assets (including advance received)	431.46	394.07
Dividend from non-current investment (Non-Trade)	0.01	0.02
Interest received	1858.60	2171.39
Grants / subsidy from Government (capital in nature)	92.01	33.80
Sale / (purchase) of investments (net)	-	362.04
Purchase of fixed assets	(16041.96)	(20156.82)
Cost of acquisition of BTM (Refer Note 30.05)	(23263.18)	
Movement in fixed deposits	(4.31)	(3.67)
Net cash (used in)/from Investing Activities (B)	(36927.37)	(17199.17)

Cash Flow Statement for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(C) Cash flow from financing activities		
Short term borrowings (net)	6444.38	(6364.79)
Long term borrowings (net)	10495.01	5655.46
Dividend paid and tax on distributed profits	(1971.80)	(1533.37)
Finance Costs (net of TUFS subsidy & interest capitalised)	(5517.33)	(5661.86)
Net cash (used in)/from Financing Activities (C)	9450.26	(7904.56)
Net increase/(decrease) in cash and cash Equivalents [(A)+(B)+(C)]	(166.21)	(83.68)
Cash and cash equivalents (Opening balance)	222.74	306.42
Cash and cash equivalent received on acquisition of BTM	176.65	-
Cash and cash equivalents (Closing balance) *	233.18	222.74
* Break-up as under :-		
Cash balance on hand (including stamps in hand)	46.48	39.51
Cash Credit Accounts (debit balance)	2.02	2.01
With banks in current accounts	184.68	181.22
Total	233.18	222.74
Other bank balances shown under appropriate activities	140.63	105.60
Cash and bank balances as per Note No.- 17	373.81	328.34

Note:1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard- 3 on "Cash Flow Statement".

Note: 2. Cash Flow Statement has been prepared after giving the effect of the Business Transfer Agreement (BTA) for purchase of BTM on slum purchase to the opening balance sheet from appointed date i.e. 01st April 2015.

In terms of our Report of even date attached.

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

B. K. Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 11th May, 2016

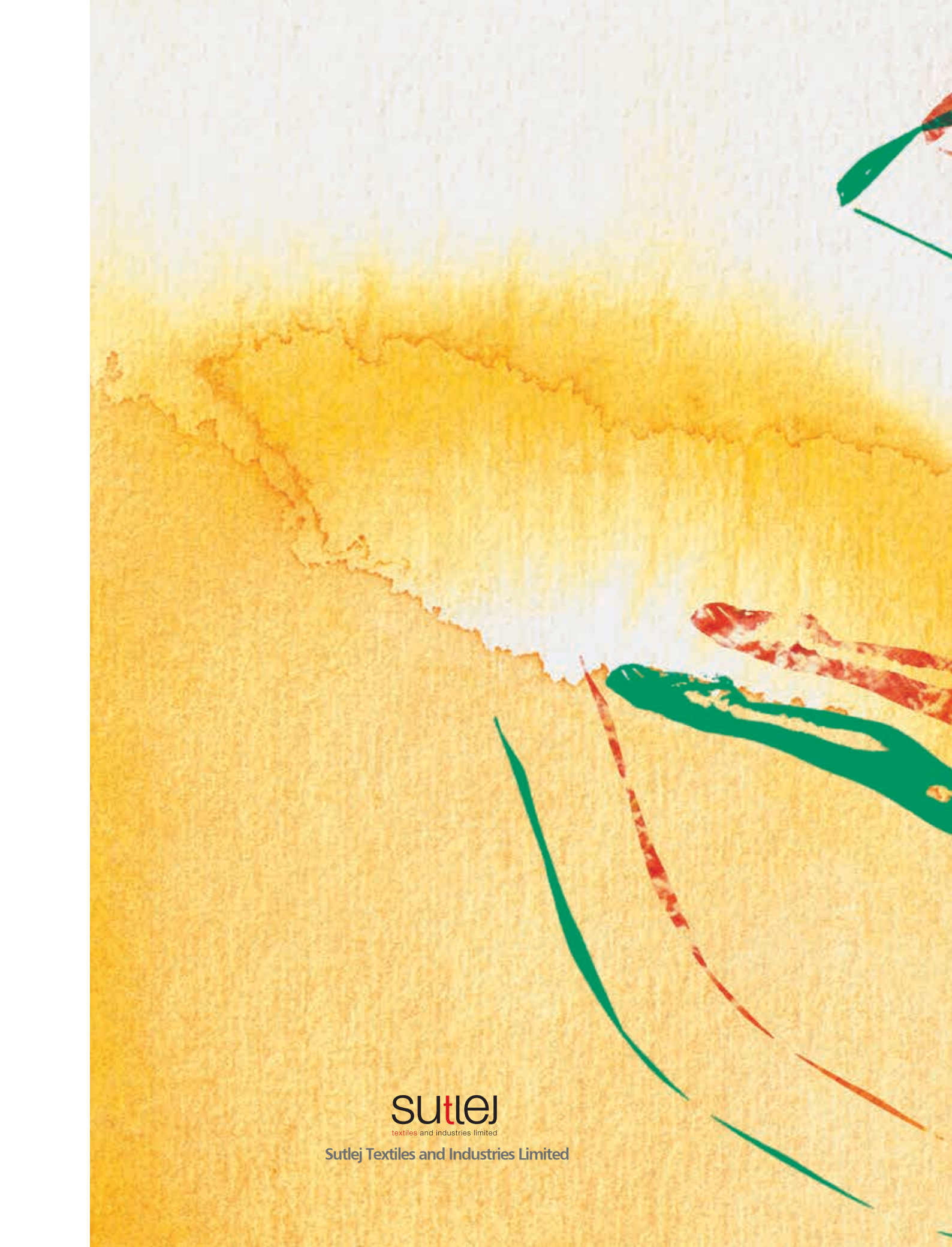
For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Amit Dalal
Director

Dilip Kumar Ghorawat
Wholetime Director & CFO

C. S. Nopany
Executive Chairman

D.R. Prabhu
Company Secretary & Compliance officer



sutlej
textiles and industries limited

Sutlej Textiles and Industries Limited