sutlej
textiles and industries limited

passion to perform

Sutlej Textiles and Industries Limited
Annual Report, 2014-15

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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Slowing demand. Declining realisations. Stagnating growth.

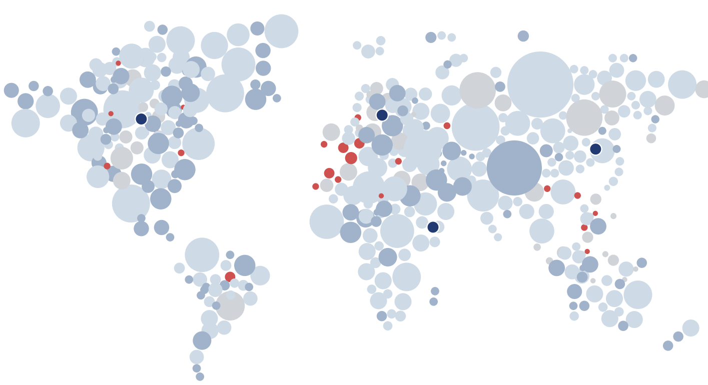
At Sutlej Textiles, we identified market niches. Added capacities strategically. Embraced financial conservatism. And widened our market-within-market product strategy.

With a passion to perform.

A flagship unit of the multi-business conglomerate promoted by the Late Dr. K.K. Birla, Sutlej Textiles and Industries Limited was incorporated as a result of a corporate restructuring exercise in which the textiles division of Sutlej Industries Limited and Damanganga Processors Limited were demerged in 2005.

In addition to a corporate office in Mumbai, Sutlej has three manufacturing units located in Jammu and Kashmir, Gujarat and Rajasthan. Sutlej is India's largest spun-dyed yarn manufacturer as well as among India's leading textile producers with a pervasive presence across the value chain – from yarns to home textiles.

GLOBAL PRESENCE: Algeria, Argentina, Australia, Bangladesh, Bangkok, Belgium, Bahrain, Botswana, Brazil, Canada, Chile, China, Colombia, Croatia, Cuba, Dominican Republic, Ecuador, Egypt, Ethiopia, France, Germany, Greece, Georgia, Hong Kong, Indonesia, Italy, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Malaysia, Mauritius, Mexico, Morocco, New Zealand, the Netherlands, Pakistan, Peru, Philippines, Poland, Portugal, Russia, Saudi Arabia, Spain, Singapore, Syria, Sri Lanka, South Africa, South Korea, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, the United Arab Emirates, the United Kingdom, the United States of America, Venezuela and Vietnam.



Manufacturing units

Rajasthan Textile Mills
Location: Bhawanimandi (Rajasthan)
Product: Cotton yarns and man-made fibre yarns
Capacity: 90,432 spindles

Chenab Textile Mills
Location: Kathua (Jammu and Kashmir)
Product: Cotton mélange yarns and man-made fibre yarns
Capacity: ~96,000 spindles of cotton mèlange; 107,304 spindles of man-made fibres

Damanganga Home Textiles
Location: Daheli (Gujarat)
Product: Home textiles furnishing
Capacity: 5 million metres per annum (62 shuttleless looms)

Global standards Sutlej is an IS/ISO-9001:2008 quality certified and Uster licensed (conferred by Uster Technologies, Switzerland).

The Company's products have been bestowed with the Organic Content Standard (OCS-IN), Global Organic Textiles Standard (GOTS-IN) and Oeko-Tex Standard 100 certifications that guarantee that Sutlej's dyed yarn and cotton mélange yarn meet stringent ecological parameters.

Mission We believe in stretching ourselves to challenge our limits and overcome them. We also believe that as time changes, one must evolve one's thinking.

Vision We have set our sights on emerging as a global textile frontrunner, providing end-to-end solutions to the textile industry – from yarn to home textiles. Hence, we aim to create maximum value for our customers so that we become their partners of choice.

Awards and recognition The Company has been recognised numerous times for its superlative export performance. • The Company received the Niryat Shree award in 2014-15 for achieving 71% growth in exports in FY 2010-11. • The Company received the silver trophy in 2014-15 from the SRTEPC for the 'Second best export performance in the spun yarn' category for the year, 2013-14. • The Company's status has been upgraded to 'Star Trading House' by Directorate General of Foreign Trade, Ministry of Commerce & Industry, Government of India, in recognition of its impressive exports performance.

Mr. S K Khandelia (President of the Company) receiving the Niryat Shree award from Hon'ble President of India Mr. Pranab Mukherjee.

Numbers that matter, 2014-15

Revenue
10.37%
Five-year CAGR

EBIDTA
12.02%
Five-year CAGR

Profit after tax
34.42%
Five-year CAGR

Fixed assets
4.86%
Five-year CAGR

Exports
8.33%
Five-year CAGR

Mr. C. S. Nopany (left), Chairman of the Company, visiting the new cotton mèlange unit at Kathua.

Performance highlights

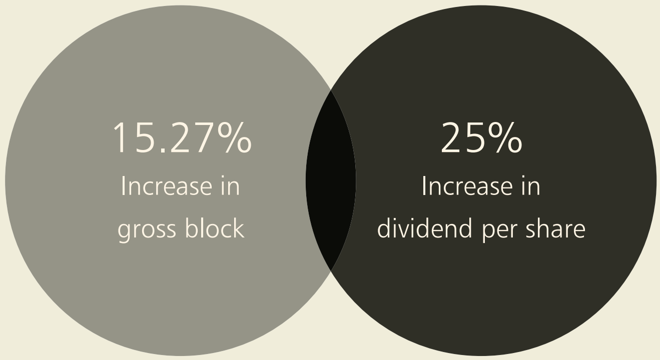
■ Net revenues stood at ₹1,878.22 crore in 2014-15 (₹1,880.62 crore in 2013-14) ■ Profit after tax stood at ₹115.46 crore in 2014-15 (₹131.38 crore in 2013-14) ■ EBIDTA margin stood at 14% (16% in 2013-14) ■ Yarn realisations stood at ₹219 per kilogram in 2014-15 (₹222 per kilogram in 2013-14)

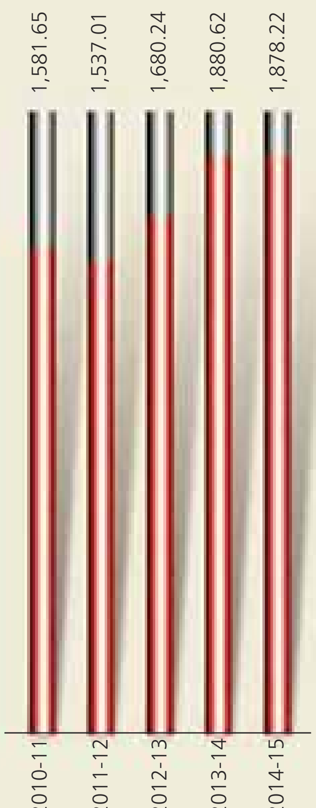
Operational highlights of **FY 2014-15**

- Commenced commercial production of its 31,104 new spindles installed in November 2014 at Chenab Textile Mills, Kathua, Jammu & Kashmir, at a project cost of ₹151 crore to manufacture value-added cotton mélange and cotton-blended dyed yarn
- Expanded operations in the home textiles division at the Damanganga Home Textiles. Post-completion, the capacity at its existing facility will increase to 9.6 million metres per annum from 2.5 million metres per annum
- The Board of Directors approved the purchase of Birla Textile Mills, a unit of Chambal Fertilisers and Chemicals Limited, as a going concern on a slump sale basis
- Shut weaving division in line with its strategy to cut losses and focus on profitable businesses

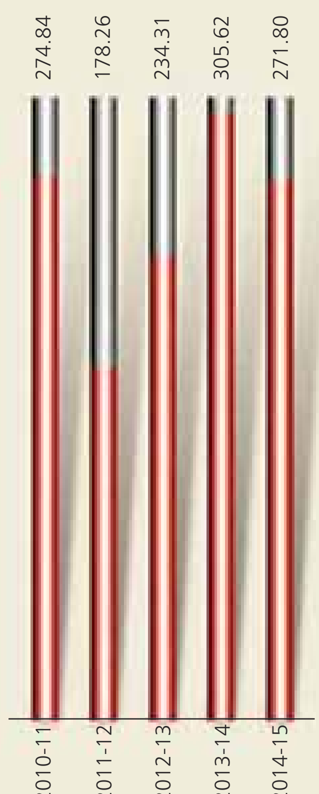
Marketing highlights

- Widened its presence by entering Algeria, Croatia, Cuba, France, Georgia, Iraq, the Netherlands, Spain, Thailand and Uganda, widening its footprint of own manufactured goods across 61 countries
- Increased exports as a part of overall sales to 26.38% (25.39% in 2013-14)

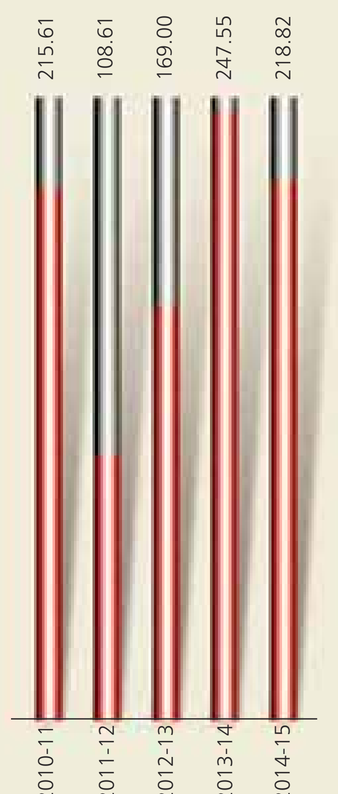




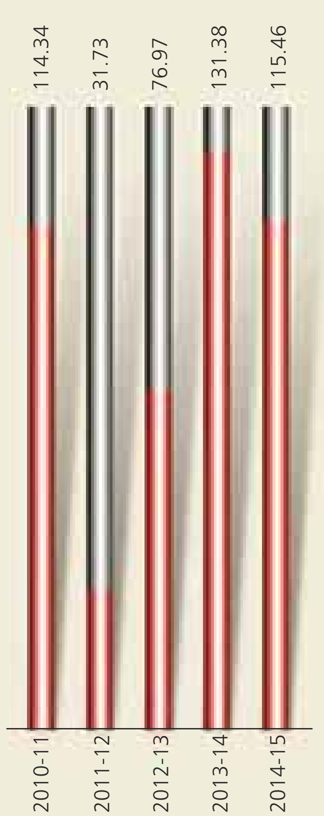
Net revenue from operations (₹ crore)



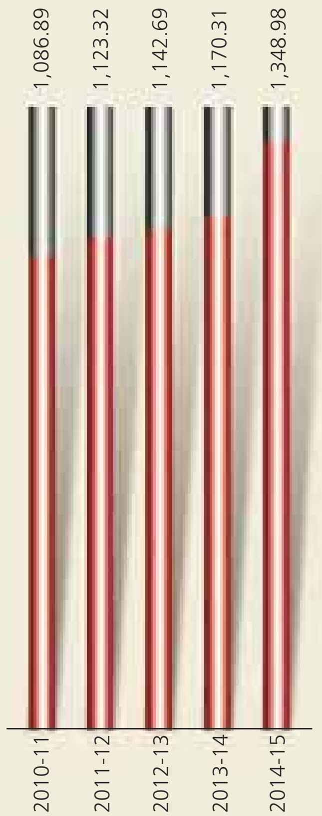
EBIDTA (₹ crore)



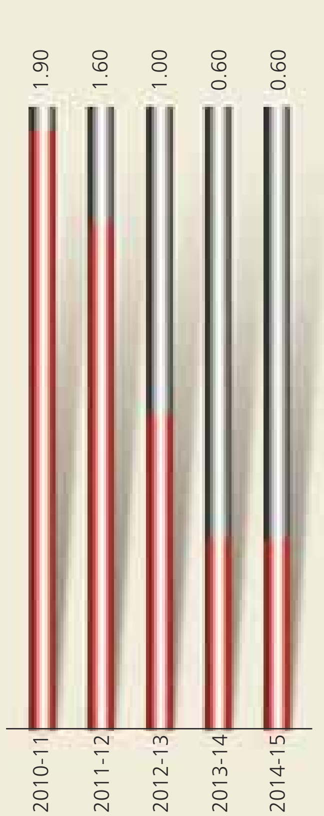
Cash profit/PBDT (₹ crore)



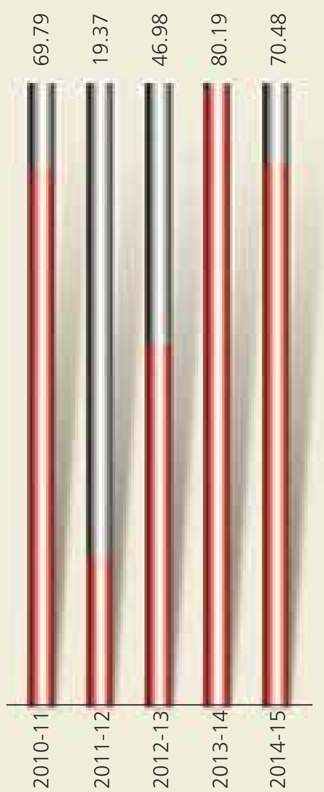
Profit after tax (₹ crore)



Gross block (₹ crore)

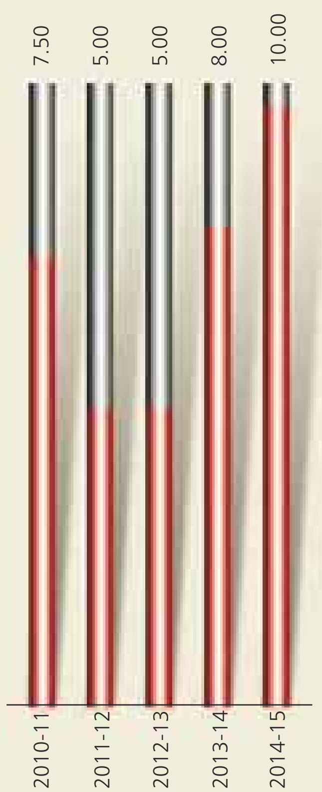


Debt-equity ratio

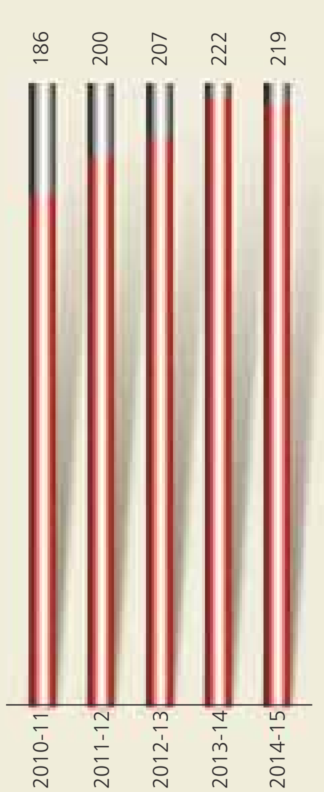


Earnings per share* (₹)

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



Dividend per share (₹)



Average yarn realisations
(₹ per kilogram)

Outlier move#1

When most players chose to reduce their production, Sutlej embarked on capacity expansion in 2014-15.

With the objective to add quality assets at optimal costs.

With the objective to capitalise on a growing demand for niche value-added products.

With a passion to outperform.

The expansion enhanced our yarn spinning capacity to 293,736 spindles, of which 96,720 spindles are utilised to make cotton mélange and cotton-blended dyed yarn.

*vis-à-vis benchmark costs for such assets

Enhanced spinning capacity

Sutlej operationalised 31,104 spindles to manufacture value-added cotton mélange and cotton-blended dyed yarn (11% of overall capacities). This strengthened our position as a leading niche cotton mélange and cotton-blended dyed yarn player.

The expansion enhanced our yarn spinning capacity to 293,736 spindles, of which 96,720 spindles are utilised to make cotton mélange and cotton-blended dyed yarn.

The growing share of value-added products will make it possible for the Company to enhance realisations and profitability.

Increased home textiles capacity

In a bid to tap the nascent demand within a sparsely populated segment, Sutlej Textiles introduced a host of latest designs. The timing of this strategic move was validated by the fact that the annual per capita consumption of home textiles stood at about ₹150 in India compared to the global average of ₹1,200. The narrowing of this gap is expected to be driven by a growing Indian middle-class, increasing affordability and premiumisation.

Consequently, Sutlej increased its home textiles capacity from 2.5 million metres per annum to 5 million metres per annum and is in the process of expanding its operational capacity by 4.6 million metres per annum to 9.6 million metres per annum (commercial operations expected to start in a phased manner during FY 16 and FY 17) to address emerging opportunities.

The growing share of value-added products will make it possible for the Company to enhance realisations and profitability.

Acquisition

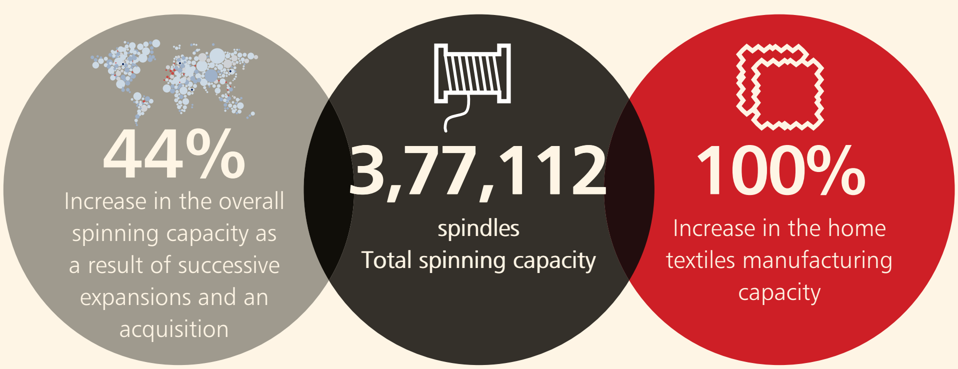
In a cyclical textiles business, only the fittest survive.

Sutlej resolved to grow inorganically, whenever an opportunity presented itself, owing to the inherent benefits accruing out of acquisition, accelerating time-to-market and profitability.

Sutlej Textile is in the process of acquiring Birla Textile Mills (a unit of Chambal Fertilisers and Chemical Limited at Baddi, Himachal Pradesh) as a going concern on a slump-sale basis, subject to shareholder approval.

The factors that make this acquisition attractive are:

- A synergistic product portfolio, robust marketing infrastructure and new opportunities will help enhance sales and moderate costs.
- Birla Textile's capacity of 83,376 spindles to manufacture cotton, synthetic and blended yarns in grey and dyed forms will enhance Sutlej's spinning capacity to 3,77,112 spindles.
- Birla Textile's financial performance (PBT of ₹14.23 crore, PAT of ₹10.19 crore and revenues of ₹413.65 crore with an average 94.25% capacity utilisation for the year ending March 31, 2015) is likely to be sustained on the back of emerging opportunities.
- Birla Textile's strategic location in Baddi (Himachal Pradesh) ensures proximity to raw materials and end-markets.



Our strategy to counter the business slowdown

Sutlej invested in fortifying relationships (dealers and vendors) by manufacturing multiple products across multiple locations and multiple price points.

Sutlej embraced a conservative debt and aggressive accruals strategy to reinforce its gearing; focused on reducing borrowing costs by leveraging the inherent strength of its Balance Sheet.

Expanding horizons

Proactive decision-making

Fiscal prudence

Sustaining momentum

Sutlej invested in scale to reap the benefits of corresponding economies-of-scale, diversified its product mix and reinforced its ability to provide material on call.

Sutlej, as a forward-looking organisation, consistently invested in cutting-edge assets and technology upgradation, resulting in enhanced automation and related efficiencies.

Outlier move#2

When most of our sectoral peers were plagued by a high leverage, Sutlej moderated its gearing from a peak of 3.5 few years ago to 0.60 as on 31st March 2015.

Through fiscal judiciousness – with robust cash flows, timely debt servicing and repayments – from the shopfloor to the top floor.

Through stringent alignment to established borrowing protocols.

Through its passion to succeed.

The Company's fiscal discipline is reflected in that it has never defaulted on repayments of principal or interest, strengthening its credibility with bankers.

213

Investment (₹ crore) in capacity expansion and modernisation during 2014-15

Fiscal prudence

For the first time, the Company floated commercial paper worth ₹150 crore, which were accorded the highest A1+ rating by CARE. This helped mobilise funds at a rate at least 150 bps cheaper than traditional working capital loans sourced from banks, resulting in huge interest savings in 2014-15.

Sutlej extended from a focus on profitable growth to cash flow maximisation, which helped moderate working capital outlay and debt.

The Company's growing reliance on accruals (over debt) helped de-leverage the Balance Sheet and allowed access to cost-competitive funds to grow the business. This resulted in a gearing of 0.60 and limit unutilised working capital to the extent of ~40%.

The Company's fiscal discipline is reflected in that it has never defaulted on repayments of principal or interest, strengthening its credibility with bankers.

The majority of the Company's borrowings were long-term in nature, reducing borrowing costs by almost 50 bps and ensuring substantial savings in annual interest costs over the foreseeable future.

Operational prudence

Sutlej discontinued operations at its fabrics unit in view of its unviability. Some of the fixed assets at the unit and the captive power plant were sold, some looms were converted for in-house use at the home textiles division and related term loans were repaid without any pre-payment penalty.

Sutlej invested ₹213 crore in capacity expansion and modernisation during 2014-15 (~25% of which was funded through accruals), capitalising on attractive financial terms and augmenting its capacities in line with the predicted sectoral recovery.

Outlier move#3

When the viability of most textile corporates was affected by volatility, Sutlej stuck to a tried and trusted strategy that helped mitigate risks and stay ahead of the curve.

With a keen eye on improving its operating cycle.

With the ability to diversify its product mix.

With a passion to excel.

Building our competitive advantage

Following the decline in our key raw material (cotton) costs by 15% per candy during the year under review, the Company moderated its stock in tandem, which reduced the working capital cycle from 102 to 84 days of turnover equivalent in 2014-15.

Besides, the Company reduced its cotton stock from six months and polyester and viscose from two months to an average 44 days, capitalising on declining prices.

The Company enjoyed a robust order position in cotton mèlange and cotton blended dyed yarn wherein the Company's produce was booked on the basis of advance orders of 45 days, enhancing the flexibility to customise production as per advance sales.

The Company invested in modernisation, 164,312 spindles out of 293,736 spindles were less than 10 years old towards the close of 2014-15. The Company invested ₹758 crore over the decade in plant upgradation, modernisation and expansion. These investments made it possible for Sutlej to converge volume, efficiency and quality, translating into enhanced customer loyalty and profitability.

The investments made it possible for Sutlej to converge volume, efficiency and quality, translating into customer loyalty and profitability.

3.77%
Increase in exports (value) despite a challenging external scenario

224%
Decadal increase in investments in plant upgradation, modernisation and expansion

₹219
per kilogram
Maintained yarn realisations owing to a focus on value-addition

Portfolio diversity

The Company's diverse product portfolio made it possible to navigate trend shifts. Robust infrastructure and support functions (logistics, finance and human resources) provided the backbone to service growing customer needs. Besides, additional capacity in cotton mélange and cotton-blended yarns helped enrich the product mix and enhance realisations.

Exports focus

The Company emphasised the export of value-added products during the year under review. With cross-currency fluctuations intensifying, the Company shifted its focus from commodity-based merchant trading to value-added marketing to protect realisations. The Company widened its global footprint to 10 new locations to de-risk from an over-dependence on a few geographies.

Chairman's review

Accelerating transition, expanding opportunities.

Dear shareholders,

The year 2014-15 was perhaps an eventful year.

A new government with a decisive mandate and high expectations was installed at the Centre. The government has already started enacting policies that have galvanised investor confidence, undertaking various socioeconomic initiatives like 'Make in India', the MUDRA Bank and enhancing ease of doing business – an index of investor-friendliness as per the norms set down by the World Bank. The government has been allowing more foreign investment in some industries, slashing fuel subsidies, setting up smart cities, ensuring steady digitisation of India. Other landmark initiatives like Housing for All by 2022, Swachh Bharat Abhiyan, Skill Development Programme, Jan Dhan Yojana, Clean Energy Mission, Pradhan Mantri Jeevan Jyoti Bima Yojna and Suraksha Bima Yojna, among others are expected to have far-reaching consequences and sow the seeds of sustainable economic development. The imminent rollout of the GST (Goods & Service Tax) is expected to emerge as one of the most significant economic reforms of this decade.

The year 2014-15 was also a challenging year.

The global economy lacked momentum as developed economies continued to reel under the aftermath of the global financial crisis, with emerging economies rendered less vibrant than in the past. Commodity prices have continued plummeting in 2015 depressing business sentiments. Global growth in 2014 at 2.6% was only marginally higher than 2.5% in 2013.

On the Indian front, although the economy appears to have bottomed out, recovery has been slow and modest. India's GDP grew by 7.3% in 2014-15 against 6.9% in 2013-14 based on a new base year for calculating the GDP. Agriculture and allied sectors registered a growth of only 0.2% against 3.7% in 2013-14 owing to a below par monsoon and unseasonal rains. The IIP (Index of Industrial Production) rose by 2.1% in 2014-15 against a contraction of 0.5% in the previous year. Private investments still remain tepid. Private consumption which indicates the inherent demand in the economy rose by 6.3% against 6.2% in 2013-14. Low demand in rural areas has led to a slump in overall demand and is seen as a deterrent to fresh investments.

On the textile front, spun yarn production grew only 3% in 2014-15 against 9% in 2013-14. While textile and garments export from

India registered an almost flat growth of 5.4%, exports of 100%-non-cotton yarn contracted by 5.53% on the back of the global slowdown and adverse cross currency movements. Offtake in the domestic market was also slow due to a stressed rural economy.

Sutlej's performance

Given the difficult macroeconomic circumstances of FY2014-15, your Company's performance was commendable. Despite a dull and sluggish market, Sutlej reported a 4.62% volume growth in its yarn segment and enhanced capacity utilisation to 95.86% from 95.52% in 2013-14. The Company also maintained its momentum in terms of exports and clocked a growth of 1.48% in overall exports to ₹436 crore despite a 30.35% fall in the export of traded goods and exiting from fabrics business.

Sutlej's approach

At a time when most companies would have preferred to wait for the scenario to improve, your Company undertook several proactive measures to improve its prospects, going forward.

One, Sutlej aggressively decided to increase its capacity despite the sluggishness in the markets. The Company decided to focus on completing the addition of 31,104 spindles at its Kathua unit. It was successful in achieving its goal as the project was completed well within the budgeted capital outlay and was able to attain stability quickly.

Two, the Company's Board of Directors approved the acquisition of Birla Textile Mills (a unit of Chambal Fertilisers and Chemicals Limited) with 83,376 spindles to manufacture cotton, synthetic and blended yarn in grey and dyed form as a going concern on a slump-sale basis with effect from April 1, 2015 subject to shareholders' and other approvals.

Three, the Company has decided to invest ₹235 crore in expanding its cotton mélange/blended dyed yarn capacity by adding 31,104 spindles at its Bhawanimandi unit. The project is expected to be completed by March, 2017.

Four, the Company took a conscious decision to close its loss-making fabric division. Departure from this unviable segment will enable the Company to deploy its resources towards other money-spinning segments.

Five, the Company has focused on the profitable home textiles business. The capacity of the home textiles division is being expanded from 2.5 million metres to 9.6 million metres per annum at a total cost of ₹88.50 crore. Commercial operations are expected to start in a phased manner over FY 2015-16 and 2016-17.

Six, the Company invested around ₹58 crore for technology upgradation in order to enhance efficiency, improve quality and reduce costs.

Finally, the Company continues to focus on increasing its market share for value-added and niche products.

Road ahead

Global recovery is still slow and getting increasingly differentiated across regions. In the US, the economy shrank during the first quarter owing to harsh weather conditions and the strength of US dollar weighing on exports. In the eurozone, financial conditions have eased due to the European Central Bank's quantitative easing programme and a depreciating euro. The Japanese economy grew considerably during the first quarter, supported by private demand as business spending boosted inventories and personal consumption. For most emerging market economies, macroeconomic conditions remain challenging due to domestic fragilities, exacerbated by bouts of financial turbulence. China continues to decelerate despite monetary easing. The world economy is expected to grow by 2.8% in 2015, 0.2 bps slower than it estimated in January 2015.

On the domestic front, industrial production has been recovering, albeit unevenly. The sustained weakness in consumption, especially in the rural areas, continues to operate as a drag. For the *kharif* season, the outlook is clouded by the initial estimates of the Indian Meteorological Department. Merchandise export growth has weakened steadily since July 2014 and contracted from January through April 2015; export volumes have shrunk too. While headline inflation has moderated, risks stemming from price pressures arising from a predicted under par monsoon and uncertainties about crude oil prices persist. Exchange rate fluctuations could also spike up inflation.

Nevertheless, India remains one of the fastest-growing economies in the world and has even surpassed China in the first quarter of 2015 when the Indian economy grew at a rate of 7.5% as against China's 7%. The government expects the economy to grow by 8.1 – 8.5% during 2015-16. Current account deficit is within comfortable limits. The country has accumulated a veritable war chest of foreign exchange – the highest ever. The macroeconomic situation in the country is expected to improve considerably in the coming years owing to various policy initiatives mentioned above.

Though the present industry scenario is challenging, Sutlej expects to sustain its growth momentum on the back of various initiatives taken in the past and lined up for the coming years. India's growth is imminent and your Company is well-placed to seize this opportunity when it transpires.

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

With best regards,

C.S. Nopany

What helps us stay a cut above the rest?

Corporate

Brand: Owing to its eight decade-long experience within the industry, Sutlej is respected as an innovative global yarn producer using a range of inputs (cotton, acrylic, polyester, viscose and modal, among others).

Foresight: The Company invested ₹1,060 crore in its business in the decade leading to 2014-15, one of the highest investments in the niche end of India's yarns sector.

Liquidity: The Company's focus on maximising its cash flow and accessing finance at competitive rates helped fund its expansion and upgradations at minimal costs.

Marketing

One-stop-shop: The Company represents one-stop convenience for spun-dyed yarns – 100% or blends in synthetic or natural with a count range from 6s to 60s in any colour (grey, mélange or dyed) and fold (simple, double or multi-fold).

Top-of-the-line: Sutlej is the largest manufacturer of value-added dyed synthetic and cotton mélange yarns in India, addressing large orders with ease.

Global: The Company's operations are spread across 61 countries (10 new markets entered in 2014-15). No country accounted for more than 8% of the Company's 2014-15 revenues.

Portfolio

Focused: The Company added 138,280 spindles in the last 10 years. During the fiscal gone by, the Company commenced commercial production of value-added cotton mélange and cotton-blended dyed yarns. The Company is acquiring Birla Textile Mills (a unit of Chambal Fertilisers & Chemicals Ltd.), with a capacity of 83,376 spindles, enhancing its capacity to 377,112 spindles.

Niche: The Company's value-addition focus is reflected in enhanced capacity for value-added cotton mélange and cotton-blended yarns.

Relationship-oriented: The Company evolved from a vendor to a partner to a comprehensive textiles solutions provider with the ability to convert ongoing trends into tangible products that address customer needs with speed.

Operational

R&D: The Company's plants run at an optimal utilisation (95.86% in 2014-15; 95.52% in 2013-14) owing to cutting-edge technology. More than 56% of the Company's spindle capacity was less than a decade old as on 31st March, 2015.

Location: All the Company's plants are strategically located close to marketing centres.

Spinning capacity*

377,112

spindles

*Including 83,376 spindles of Birla Textile Mill

Proportion of spindle capacity* added in the last five years

56%

*Including 83,376 spindles of Birla Textile Mill

Home textiles capacity

9.6

million metres per annum

*Including the expansion of 4.6 million metres per annum capacity to be operational in phased manner during FY16 and FY17

Spindleage (%) less than a decade old

56%

Presence extended to new geographies in the last five years leading to 2014-15

27countries

Proportion of shuttle-less looms* added in the last five years

367%

*Including ongoing expansion of 4.6 million metres per annum

Investments in plant upgradation, modernisation and expansion over the five years leading to 2014-15

₹287 crore

Gross block addition in the five years leading to 2014-15

₹371 crore

Business segment 1

Yarn

In brief, 2014-15

Revenue earned ₹ **1,784.14 crore**

94.65% Contribution of yarn division to the total revenue

EBIDTA ₹ **271.66 crore**

95.86% Capacity utilisation

15.23% EBIDTA margin

293,736 spindles Capacity installed

Overview

Sutlej manufactures quality synthetic, blended, cotton mèlange and cotton blended dyed yarns marketed to prominent labels within India and abroad.

The Company is a one-stop-shop for all kinds of spun yarn; it pioneered the development of a variety of contemporary blends and shades. Sutlej Textiles is one of the largest Indian producers and exporters of value-added synthetic, blended, cotton mèlange and cotton blended dyed yarns.

The Company's spinning units – Rajasthan Textile Mills in Bhawanimandi (Rajasthan) and Chenab Textile Mills in Kathua (Jammu and Kashmir) – manufacture a range of dyed spun yarns that address the demanding needs of fabric makers. Over the years, Sutlej has emerged among a handful of Indian companies with the competence to spin specialty yarns (lycra, coolmax, modal and tencel yarns, among others).

The Company's manufacturing units are IS/ISO 9001:2008-certified. These units comprise quality testing equipment (HVI spectrum, AFIS Pro UT- 5, Tensojet and Classimat, among others). Uster Technologies AG, Switzerland, extended to the Company the right to use the 'Usterised' trademark following a detailed examination of its quality assurance system.

The Company exported yarns to more than 50 countries in 2014-15.

Highlights, 2014-15

- An expansion comprising 31,104 spindles on schedule (commercial production from November 1, 2014) was commissioned.
- Average yarns realisations stood at ₹219 per kilogram against ₹ 222 per kilogram in the previous year, despite a steep fall in raw material prices and lower demand.
- Yarn production volumes grew by 4.62% from 71.44 million kilograms

Product offerings

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

Premium qualities ■ 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 ■ Yarns on ready-to-dye package ■ Cationic dye-able yarns ■ Tencel ■ Yarns from soy milk fibre ■ 100% bamboo

Performance snapshot

	2014-15	2013-14
Net sales (₹ crore)	1,784.14	1,789.14
EBIDTA (₹ crore)	271.66	302.01
Profit before tax (₹ crore)	172.01	199.22
Contribution to total revenues (%)	94.65	93.92
Installed capacity (spindles)	2,93,736	2,61,736
Capacity utilisation (%)	95.86	95.52

in the previous year to 74.74 million kilograms. Average capacity utilisation at both plants was pegged at 95.86% against 95.52% in the previous year.

■ Yarn exports, in value terms, increased by 7.36% despite a decline in merchant trading volumes owing to a higher focus on value-added products that fetched superior realisations. Yarns exports stood at 21.44 million kilograms – valued at ₹ 456.76 crore. Domestic volumes decreased by 2.58% from 60.14 million kilograms in 2013-14 to 58.59 million kilograms in 2014-15; domestic realisations stood at ₹ 221 per kilogram (against ₹ 223 per kilogram in the previous year).

■ Export presence widened to markets like Algeria, Croatia, Cuba, France, Georgia, the Netherlands, Spain and Uganda taking the number of export destinations beyond 50. The Company explored export markets for its new mélange yarn capacity, resulting in exports of over 25% of production from the newly-added capacity.

■ The Company created a state-of-the-art development centre for its mélange yarn, facilitating new product development.

Outlook, 2015-16

The Company is in the process of acquiring Birla Textile Mills, (a unit of Chambal Fertilisers and Chemicals Limited) which will add 83,376 spindles to the Company's yarn capacity, taking the total spinning capacity of Sutlej to 377,112. The synergy will make it possible for the Company to capitalise on the opportunities as and when the market rebounds.

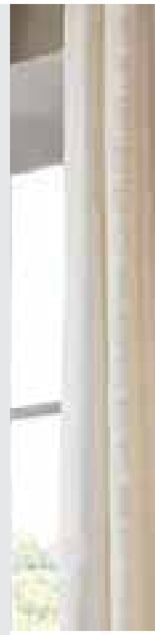
Countering the downturn

The Company procures raw material from select manufacturers, thereby maintaining adequate raw material inventory in line with prevailing industry conditions.

Business segment review

Business segment 2

Home textiles



In brief, 2014-15

- Revenue earned ₹ **48.29 crore**
- **2.56%** Contribution of home textile division to the total revenue
- EBIDTA ₹ **6.61 crore**
- **80.02%** Capacity utilisation
- **13.69%** EBIDTA margin
- **5.00** Capacity installed (million metres per annum)

Overview

Sutlej's presence in the home textile segment represents a logical extension of the Company's presence in the textile business. The Company invested in state-of-the-art equipment, translating into a wide range of furnishing fabrics and made-ups.

The Company entered the home textiles segment in 2006 through Damanganga Home Textiles to address a growing market. The plant is equipped with best-in-class equipment to produce furnishing fabrics and made-ups.

The division is equipped with a world-class design facility comprising cutting-edge German design software. It tied up with reputed design studios in Europe in order to serve the B2B segment worldwide. The facilities also comprise a full-fledged testing laboratory with the latest equipment for testing yarns and fabrics.

Highlights, 2014-15

- Grew home textiles sales by 24.56% from ₹38.77 crore in 2013-14 to ₹48.29 crore.
- Increased exports by 41.66%; export volumes stood at 0.89 million metres aggregating ₹20.88 crore.
- Strengthened marketing to penetrate new markets on the back of a larger output.
- Participated in international exhibitions, which helped extend

Countering the downturn

The Company possesses a world-class design facility which allows it to outsource international designs that are in vogue. The division churns out customised products leading to enhanced client satisfaction.

exports to markets like Australia, Canada, Indonesia, Lebanon, Mauritius, Saudi Arabia, Sri Lanka, United Kingdom, the United Arab Emirates, the United States of America, South Africa, Kuwait and Japan.

- Developed new designs and add-ons to address evolving market trends.
- Augmented capacity utilisation from 78.54% in 2013-14 to 80.02%.

Outlook, 2015-16

The Company is in the process of enhancing its capacity in the home textile division taking the total capacity to 9.6 million metres per annum (expected to go on stream in a phased manner across FY16 and FY17).

The Company entered the home textiles segment in 2006 through Damanganga Home Textiles to address a growing market. The plant is equipped with best-in-class equipment to produce furnishing fabrics and made-ups.

Product offerings

The product range comprises furnishing fabrics and made-ups of jacquard and dobby weaves using cotton, polyester, rayon blends, chenille, flex, jute, linen and other blends.

Made-ups ■ Curtain fabric ■ Upholstery fabric for sofa sets/seats and seat covers ■ Fabrics for automobile seats ■ Mattress covers ■ Readymade curtains ■ Shams ■ Duvets ■ Throws ■ Wall hangings and decorations ■ Bedspreads and bedcovers ■ Chenille items

Finishes ■ Fire-retardant ■ Bio-finish ■ Aroma finish ■ Other add-on finishes as per buyer requirements

Performance snapshot

	2014-15	2013-14
Net sales (₹ crore)	48.29	38.77
EBIDTA (₹ crore)	6.61	1.99
Profit before tax (₹ crore)	(1.11)	(5.04)
Contribution to total revenues (%)	2.56	2.03
Installed capacity (million metres per annum)	5.00	2.50
Capacity utilisation (%)	80.02	78.54

Addressing business risks

Every business is marked by a variety of risks. Sutlej identifies and assesses risks associated with its business and correspondingly undertakes strategic measures to minimise losses and maximise realisations.

Will tactical errors impact market share and profitability?

- The Company is focused on the capacity addition of value-added products, positioning itself among few companies in India to produce specialty dyed yarns.
- The Company took a proactive decision to discontinue non-profitable businesses and enhance focus on high-opportunity segments.
- On the customer front, the Company enjoys longstanding relationships with marquee clients.

Will increasing costs of production and fluctuation in raw material prices affect competitiveness?

- Sutlej focuses on consistently improving economies-of-scale across every product line.
- The major raw materials consumed for the manufacture of yarn (polyester, viscose, acrylic and cotton) are purchased by a centralised department that demonstrates fiscal prudence by availing superior discounts against large quantities.
- Owing to a proximity to raw material resources, the Company reduced inventory to address a 'make-to-order' production model that moderated the need to stock larger inventory.
- The Company invested in top-of-the-line technology, adequate capacity and cost controls, moderating production costs. Also, the Company's cutting-edge equipment and procedural discipline helped strengthen its input-output ratio.

Will non-conformance with quality affect the brand and customer loyalty?

- The Company is certified for IS/ISO 9001:2008 across all units; it is equipped with advanced quality-testing equipment comprising HVI spectrum, AFIS Pro UT-5, Tensojet and Classimat, among others.
- Besides, extensive checks are conducted on raw materials, materials-in-process as well as finished products.
- The Company's quality commitment was reinforced via a stringent conformance with globally-benchmarked quality assurance protocols. Uster Technologies AG, Switzerland, granted the Company the right to use the 'Usterised' trademark following a detailed examination of its quality assurance systems.
- The Company's negligible rejection rate was a validation of its superior product quality.

Will adverse currency fluctuations affect profitability?

- A majority of the Company's exports are pre-sold in USD denomination, protecting it from rupee fluctuations and enabling all the export contracts to be closed on the same day.
- The Company enjoys a natural hedge through the import of raw materials and export of finished products to around 61 countries.
- The Company possesses a competent in-house forex team to track global currency movements and ensure risk mitigation.

Will high debt cost affect the Company's expansion plans?

- The Company has never defaulted on its interest and principal servicing obligations, building credibility.
- The Company issued commercial paper to substitute its working capital loans, which helped reduce its interest cost by almost 150 bps.
- The Company's creditworthiness and ratings facilitated a reduction in interest rates (for term loans), which will result in subsequent savings over the years.
- The Company's prudent debt-equity ratio of 0.60 showcased a robust Balance Sheet.
- In terms of cost optimisation, the Company invested surpluses in debt pre-payment, enabling it to negotiate competitive interest rates.

Financial Highlights

(₹ in lakhs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue from Operations	1,87,858	1,88,390	1,69,037	1,54,171	1,58,546
Total Income	1,91,826	1,92,295	1,72,811	1,57,328	1,61,990
Earnings Before Depreciation, Finance Cost and Tax Expenses (EBDITA)	27,180	30,562	23,431	17,826	27,484
Depreciation,Impariment and Amortisation	6,991	7,519	7,015	6,900	6,786
Profit before Tax and Exceptional items	14,890	17,236	9,885	3,960	14,775
Exceptional items	68	64	606	-	-
Profit before Tax	14,822	17,173	9,279	3,960	14,775
Profit after Tax	11,546	13,138	7,697	3,173	11,434
Equity Dividend (%)	100%	80%	50%	50%	75%*
Dividend Payout	1,972	1,533	639	635	952
Equity Share Capital	1,638	1,638	1,092	1,092	1,092
Reserves and Surplus	54,185	44,611	33,552	26,494	23,956
Networth	55,823	46,249	34,644	27,587	25,048
Gross Fixed Assets	1,39,330	1,22,641	1,14,750	1,13,592	1,09,036
Net Fixed Assets	68,716	56,317	54,517	59,442	60,894
Total Assets	1,34,082	1,27,294	1,14,916	1,14,482	1,19,910
Market Capitalisation	51,098	36,042	22,400	17,442	25,115
Capital Employed	1,16,213	1,10,047	1,00,983	1,01,194	1,06,958
Number of Employees	11,832	11,527	11,242	11,198	11,531

Key Indicators

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Earning Per Share (₹) ^ #	70.48	80.19	70.47	29.06	104.69
Book Value Per Share (₹) ^	340.74	282.30	317.20	252.58	229.34
Debt: Equity Ratio	1.07:1	1.31:1	1.82:1	2.56:1	3.18:1
EBDITA/ Gross Turnover %	14.47%	16.22%	13.86%	11.56%	17.33%
Net Profit Margin %	6.15%	6.97%	4.55%	2.06%	7.21%
Return on Networth %	20.68%	28.41%	22.22%	11.50%	45.65%
Return (PBIDT) to Capital Employed %	23.39%	27.77%	23.20%	17.62%	25.70%

* Includes one time special dividend @ 25%

^ 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 - *Chairman (Executive Chairman from 1/7/2015)*
Mr. U.K.Khaitan
Mr. Amit Dalal
Mr. Rajan Dalal
Mr. Rajiv K. Podar
Mr. (Dr.) Mahmoodur Rahman
Mr. Sukhvir Singh
Ms. Sonu Bhasin *(From 7th May, 2015)*
Mr. Dilip Kumar Ghorawat *(Wholetime Director & CFO)*

Executives
Corporate office
Mr. S.K. Khandelia - President & CEO
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

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
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

Bankers
Punjab National Bank
The Jammu & Kashmir Bank Limited
State Bank of Bikaner and Jaipur
State Bank of India
State Bank of Hyderabad
Bank of Maharashtra
United Bank of India
IDBI Bank Limited
Societe Generale
ICICI Bank Limited
The Jhaiawar 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

Damanganga Units
1) Home Textiles
2) Processing

Village - Daheli
Near Bhilad 396105
Gujarat

Directors' Report

To the members of

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Your Directors are pleased to present their Tenth Annual Report on the business and operations of your Company alongwith the audited financial statements for the year ended 31st March, 2015.

1. Financial Results

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

1.1 Highlights of Performance

- Revenue from operations (Gross) stood at ₹187,858.42 Lakhs as compared to ₹188,390.37 Lakhs in FY 2013-14;
- Profit before Tax for the FY 2014-15 was ₹14,822.31 Lakhs as compared to ₹17,172.63 Lakhs in FY 2013-14;
- Profit after tax for the FY 2014-15 was ₹11,545.90 Lakhs as compared to ₹13,137.81 Lakhs in FY 2013-14.

1.2 Financial Results

(₹ in lakhs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Revenue from Operations (Gross)	187,858.42	188,390.37
Gross Profit	21,881.21	24,754.98
Less: Depreciation, Impairment and Amortisation Expenses	6,990.73	7,518.62
Exceptional Item	68.17	63.73
Taxation:		
- Current	3,155.00	3,589.00
- MAT Credit (entitlement)/ Utilised	(300.00)	766.00
- Earlier years	(2.38)	(7.68)
- Deferred (net)	423.79	(312.50)
Profit after Tax	11,545.90	13,137.81
Add: Balance brought forward from the previous year	32,304.60	22,100.16
Profit available for appropriation	43,850.50	35,237.97
Appropriations:		
Proposed dividend	1,638.29	1,310.63
Corporate dividend tax	333.52	222.74
Transfer to the general reserve	1,200.00	1,400.00
Balance in statement of profit and loss	40,678.69	32,304.60
TOTAL	43,850.50	35,237.97

The Company proposes to transfer an amount of ₹1,200.00 Lakh to the General Reserves. An amount of ₹40,678.69 Lakh is proposed to be retained in the Statement of Profit and Loss.

2. Dividend

Your Directors are pleased to recommend dividend of ₹10/- per share for the year ended 31st March, 2015, subject to shareholders' approval at the forthcoming Annual General Meeting. The total amount of dividend to be paid to the shareholders will be ₹1,972 lakhs (inclusive of dividend tax).

3. Share Capital

The paid up Equity Share Capital as on March 31, 2015 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, 2015 was ₹222.74 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 was upgraded as under:

i. CARE A+ (Single A+ Plus) for Long-Term Bank facilities (Term Loan) from CARE A- (Single A Minus) signifying adequate degree of safety regarding timely servicing of financial obligations and such instruments carry low credit risk &

ii. CARE A1+ (A One Plus) for short term bank facilities (Fund based and Non-Fund based) from Care A2+ (A Two Plus) signifying a very strong degree of safety regarding timely payment of financial obligations and such instruments 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, 2015, 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. 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 the beginning of FY 2016-17. The same will result in increasing its capacity in existing facility to 9.6 Mn metres p.a from 2.5 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.

5.2 Cotton Mèlange Expansion Project at CTM, Kathua

Your Company has successfully completed expansion of its Kathua Unit by 31,104 spindles to manufacture value added cotton mélange and cotton blended dyed yarn and commenced commercial production w.e.f 1st Nov 2014. Post this expansion, the Company's total yarn spinning capacity stands at 293,736 spindles, of which 96,720 spindles are utilized to make Cotton Mélange and cotton blended dyed yarn. The rest of the spindles are utilized towards manufacturing mainly of synthetic dyed yarns. The addition of the new capacity will enable the Company to further strengthen its position as a leading player in the niche Cotton Mélange and cotton blended dyed segment.

5.3 Expansion and modernisation

5.3.1 The Company has decided to expand its Unit Rajasthan Textile Mills, Bhawanimandi (Raj.) by 31,104 spindles to manufacture Cotton Mélange and Cotton Blended Dyed yarn involving a capital outlay of about ₹235 Crores which will be financed by internal accruals and loans from banks.

5.3.2 Further, the Company has spent ₹58 Crores on modernization and balancing equipments at all its units during 2014-15. The capital purchases were financed by internal accruals and loans from Banks.

5.4 Acquisition

Your Company has an existing spinning capacity of 2,93,736 spindles as on March 2015. The Company has been actively exploring further growth in spindlage to effectively expand its spinning capacity to a substantial extent. As organic growth through installation of additional spindles would have taken considerable time for project implementation. Your Board has approved acquisition of Birla Textile Mills, located at Baddi, Tehsil Nalagarh, District Solan, Himachal Pradesh [Textile Division of Chambal Fertilisers and Chemicals Limited] having 83,376 spindles to manufacture cotton, blended and synthetic grey and dyed yarns, as a going concern on slump sale basis. The acquisition which shall be effective from 1st April, 2015 (subject to requisite statutory and regulatory approvals) shall be at the total purchase consideration of ₹232.63 crores (including net current assets less term loans), and subject to closing and other adjustments, if any. This acquisition will be financed by internal accruals and loans from Banks. Post acquisition the spinning capacity shall be 3,77,112 spindles. The acquisition of the Birla Textile Mills will have strong synergy with the business of the Company as it also manufactures cotton, blended and synthetic grey and dyed yarns.

6. Closure of Company's Fabric Division, namely, Damanganga Fabrics, Bhilad, Gujarat

During the financial year under review, your Company decided to permanently close the operations of one of the Company's weaving unit of, Damanganga Fabrics, Daheli, Bhilad Gujarat. In view of the continuous un-economic working, with no possibility of its revival in the future, your Company decided to permanently close the operations of the weaving Division of Damanganga Fabrics Unit, w.e.f. 1st October, 2014. The impact of the closure on the Company's operations was not significant in terms of the Unit's contribution to Company's turnover as well as to the profitability, as the turnover of the Unit in FY 2013-2014 was ₹60.71 Crore, as against total turnover of the Company which was ₹1,880.62 Crore that is 3.23 per cent only of the total turnover. The Unit had reported a net loss of ₹9.38 Crore in FY 2013-2014, against total net profit (after tax) of the Company of ₹131.38 Crore.

7. Directors

7.1 The company's Board of Directors comprises Nine members, Eight of whom are Non-executive Directors and one Wholetime Director. The Non-executive Directors are eminent professionals with vast experience of industry, finance and law.

7.2 Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year under review, Seven Board Meetings and Five 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 Listing Agreement.

7.3 At its Ninth Annual General Meeting held on 23rd August, 2014, your Company had appointed the existing Independent Directors viz., Shri U. K. Khaitan, Shri Amit Dalal, Shri Rajiv Podar, Shri Rajan Dalal and Dr. Mahmoodur Rahman as Independent Directors under the Act for a term of five years with effect from 23rd August, 2014. 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 Clause 49 of the Listing Agreement.

7.4 On the recommendation of the Nomination & Remuneration Committee, the Board of Directors has appointed Ms. Sonu Bhasin as Additional Director (Non-Executive Independent) on 7th May, 2015, subject to the approval of the Shareholders at the forthcoming Tenth Annual General Meeting of the Company.

7.5 Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 Audit, Nomination & Remuneration Committees. The manner of evaluation has been explained in the Corporate Governance Report.

7.6 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 Tenth Annual General Meeting.

7.7 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://sutlejtextiles.com/pdf/policy/Remuneration-Policy.pdf

8. 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, 2015, 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, 2015 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.

9. 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. (CFCL)) by virtue of Shri C. S. Nopany being Director in your Company as well as in CFCL and holding more than two percent of equity shares alongwith his relatives in CFCL.

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 a quarterly 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 Form No. AOC-2 is annexed to this report.

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

10. 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.

11. Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. 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

12. 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.

13. Auditors

13.1 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 Clause 49 of the Listing Agreement, 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.

13.2 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 revised clause 41 of listing agreement.

13.3 Internal Auditors

The Board of Directors upon the recommendation of the Audit Committee of the Board on 13th May, 2015 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.

13.4 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, Damanganga Home Textiles for the financial year 2015-16 on a remuneration of ₹1.35 lakhs. 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.

13.5 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.

14. Business Risk Management

Pursuant to Clause 49 of the Listing Agreement, 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.

15. Internal Control Systems and their adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the mandate provided to the internal Auditors. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

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

The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo, 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.

17. 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 Clause 49 of the Listing Agreement, by way of "Annexure II" to this report.

18. 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 Agreement. As per Clause 49 of the Listing Agreement 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 the recently enacted statutory changes. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements 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 Clause 49, is annexed to the Report on Corporate Governance. The General Shareholders Information annexed to the Report forms a part of the Report.

19. Corporate Social Responsibility

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".

20. 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.

21. 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".

22. 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.

23. 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 : Mumbai
Dated : 07.05.2015

C.S. Nopany
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 2014-15 with a view to reduce cost of energy and consequently the cost of production:

Spinning

a) Replacement of 11185 Nos. FTL and old sodium lights with LED lights at a cost of ₹125.20 lakhs saved 3230 kWh/day which resulted in saving of ₹46.62 lakhs per annum.

b) Installation of VFD 40 Nos. for Supply air fans and pumps at the cost of ₹25.00 lakhs saved 930 kWh/day which resulted in saving of ₹19.60 lakhs per annum.

c) Replacement of 19 Nos. old motors with high efficiency motors of IE3/IE4 at the cost of ₹9.50 lakhs saved 205 Kwh/day which resulted in saving of ₹4.35 lakhs per annum.

d) Replacement of 10 Nos. old WRS fans with energy efficient fans at a cost of ₹21.05 lakhs saved 472 kWh/day which resulted in saving of ₹6.32 lakhs per annum.

e) Modification of 2 Nos. Heat Recovery Unit pipe line and providing tank for collection of hot water for use in Dye House at a cost ₹31.40 lakhs which resulted in saving of ₹28.80 lakhs per annum.

f) Installed 2 Nos. inverter on ETP Compressors at a cost of ₹3.53 lakhs saved 600 kWh/day which resulted in saving of ₹7.24 lakhs per annum.

g) Replacement of 2 Nos. 310 CFM Compressor with 1076 CFM at a cost ₹13.23 lakhs saved 450 kWh/day which resulted in saving of ₹5.43 lakhs per annum.

h) Reducing wastage of compressed air by auditing and rectifying the leakage.

i) Combining the waste collection system and removal of waste suction line.

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

Fabrics

a) Installed 2 Nos. U type Jet dying machine at a cost of ₹21.42 lakhs having liquor ratio of 1:5 as against 1:10 in conventional machines.

b) Shifted from low GCV imported coal to high GCV coal where we are getting steam coal ratio of 8:1 which resulted in saving of ₹22.20 lakhs p.a.

c) Converted Beilla KD machine from conventional DC motor system to AC motor system at a cost of ₹6 lakhs saved 9000 Kwh p.a. which resulted in saving of ₹0.60 lakhs per annum.

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

FORM – A

(A) Power and Fuel Consumption:

1. Electricity:

		2014-2015	2013-2014
(a)	Purchased:		
	Units(in lakhs)	2871.77	2608.91
	Total Cost (₹ in lakhs)	11056.37	9790.55
	Rate/Unit (₹)	3.85	3.75
(b)	Own Generation:		
	(i) Through Diesel Generators		
	Units (in lakhs)	12.85	9.37
	Units per litre of Diesel oil (kwh/ltr)	3.55	3.39
	Cost/Unit (₹)	15.08	15.52
	(ii) Through Furnace Oil Generators		
	Units(in lakhs)	2.19	4.11
	Units per litre of Furnace oil	3.01	3.68
	Cost/Unit (₹)	14.37	11.28
	(iii) Through Thermal Power Plant		
	Units(in lakhs)	309.29	425.39
	Units per MT of coal (including lignite)	846.36	877.08
	Cost/Unit (₹)	3.90	3.76

2. Coal

		2014-2015	2013-2014
(a)	Steam Coal		
	Quantity(Tons)	14636.97	19027.97
	Total Cost (₹ in lakhs)	742.91	775.56
	Average Rate(₹)/ Ton	5075.55	4075.87
(b)	Pet Coke		
	Quantity(Tons)	10410.00	9817.00
	Total Cost (₹ in lakhs)	1147.45	1019.45
	Average Rate(₹)/ Ton	11022.54	10384.58

3. Furnace Oil

	2014-2015	2013-2014
Quantity (Kilo Litres)	72.95	111.78
Total Cost (₹ in lakhs)	31.51	46.42
Average Rate (₹ Per Kilo Litre)	43193.97	41528.00

(B) Consumption per unit of production:

	2014-2015	2013-2014
Production :		
Electricity Per Ton of Yarn Production (Units)@	4144	4104
Coal per Ton of Yarn Production (Tons) #	0.225	0.262
Pet Coke per Ton of Yarn Production (Tons) #	0.211	0.210
Electricity per thousand meters of Grey fabrics(units)	666	543
Electricity per thousand meters of Processed fabrics(units)	287	277
Electricity per thousand meters of Home Furnishings (units)	1056	1197
Coal per thousand meters of processed fabrics (Tons)	0.47	0.70

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

depends on quantum of dyeing

2) Energy Conservation plan for 2015-16

Spinning

Following measures are contemplated to save energy consumption during the year 2015-16:

a) Replacement of 8000 Nos. FTL by LED Lights at a cost of ₹88 lakhs saved 2400 kwh/day which is expected to result in saving of ₹46.47 lakhs/annum.

b) Replacement of 20 nos. old motors with high energy efficient motors 11/15 KW at a capital cost of ₹9 lakhs, which is expected to result in saving of 194 kwh/day and ₹4.85 lakhs/annum.

c) To install 14 Nos. VFD with supply Air Fans 11/15 KW at a cost of ₹11 lakhs, which is expected to result in saving of 308 kwh/day and ₹7.73 lakhs/annum.

d) Conversion of DC drive to AC drive in 8 Nos. DK 740 Carding Machine with a cost of ₹9 lakhs, which will result in saving of 144 kwh/day and ₹3.61 lakhs per annum.

e) To replace 33 Nos. old WRS Fans with energy efficient fans/motors with investment of ₹119 lakhs in Humidity Plant which will result in saving of 3111 kwh/day and saving of ₹38.96 lakhs per annum.

f) Conversion of Variator Pulley to Flat Pulley with Inverter in 10 nos. LR Ring Frames at a capital cost of ₹15 lakhs, which is expected to result in saving of 225 kwh/day and ₹5.65 lakhs per annum.

g) To install invertors on H Plant supply & return air fans for speed control according to required percentage of humidity with Investment of ₹28 lakhs which is expected to result in saving of 768 kwh/day and ₹9.25 lakhs per annum.

h) To replace 2 Nos. 420 CFM compressor with one 1076 CFM with Investment of ₹25 lakhs which will result in saving of 506 kwh/day and ₹6.20 lakhs per annum.

i) To replace 2 Nos. 25 year old 1250 KVA (without OLTC) transformers with one 3.3 MVA capacity transformer with OLTC with Investment of ₹40 lakhs which is expected to result in saving of 361 kwh/day and ₹4.29 lakhs Per annum

j) Upgradation of 750 KLD ETP to 1500 KLD with zero discharge which will reduce water consumption and water wastage.

Fabrics

1) Replacing 7 old motors by energy efficient motors on machines at cost of ₹3.50 lakhs in various departments resulting in annual savings of 12000 unit/ annum i.e. ₹0.85 lakhs per annum

2) Replacing existing humidification system with water chiller air condition system at a cost of ₹115 lakhs resulting in saving of 86400 unit i.e. ₹6.00 lakhs per annum.

3) Installing new ETP plant with zero discharge for process house which will reduce water consumption and water wastage.

4) Installing RO System which will help to improve quality of water resulting in consistent & better quality, increase in productivity and reduce the process cycle which will reduce our water consumption by 21600 KL per annum i.e. ₹3.89 lakhs per annum with increase of production by 15000 mtr per day.

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 & experienced professionals. Latest technological equipment like Q2LX-Evenness Testers, Qura 2-fibre & process information system,Tensomax single yarn Strength Tester, HVI Spectrum, Tenso Jet-4, AFISPRO LMNT, Yarn Classimate, Online monitoring system, Lab expert system-all from Uster, Auto dispenser, Beaker Dyeing Machine etc. All required tests on Fibre, Yarn and Process material are being carried out. New varieties of yarn are being developed on regular basis having different blends, shades, twists etc. During the year the Company has made capital expenditure on Premier Q2 LX Evenness Tester, Uster Classimat-5, Spectrophotometer Colour, other quality testing equipments and on some of above equipments at a cost of ₹242.75 lakhs.

The Company has a separate Mélange development centre having machines from Blow room to finishing with 1920 spindles and Knitting machines for quick preparation of yarn sample to meet requirement of buyer's who are exporting garments and to develop new varieties of cotton & cotton blended mélange yarn, PV development centre with 432 spindles and other machines for development of synthetic blended yarn. The Company is also having ISO9001-2000, Usterised, Oeko-Tex and GOTS/EKO & Organic Exchange Certifications.

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

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

c) Future plan for action

To purchase CMT5 for Yarn Classimate Faults Checking, Eventess Tester, Cascade Wrapping System, Splice Scanner, Pilling Tester, Fabric Sample Dyeing Machine & Miniature Carding Machine, Reseda Friction Tester along others for fibre / yarn sample testing, development of sample with a capital outlay of about ₹160 lakhs.

Fabrics

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

The Division has well equipped, most modern & state of the art Quality Testing & Development equipments, Latest technological equipments like Martindal tester, Pilling tester, Crease recovery angle, sublimation tester, veri vide machine, Data colour machine, Rubbing tester, Colour fastness machine, Soft flow machine from 1 kg to 10 Kg, Beaker dyeing machine HTHP, Rota dyer machine, Lab dip machine, Drape tester machine etc. All required tests on fabrics, Yarn and Process material are being carried out. The Company is having Imported Designing software for our home furnishing fabrics. New design and development of furnishing fabrics are being developed on regular basis having different design shades, colouration etc. During the year the division has made capital expenditure on Imported Design and Development software, Soft flow machine, Beaker dyeing machine and other quality testing equipments amounting to ₹23.31 lakhs.

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

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

c) **Future plan for action**

i) Purchase advance imported design and development software.

ii) Acquire auto dye and chemical dispensers which will reduce reprocess and saving in dyes and chemical.

d) **Expenditure incurred towards R&D**

(₹ in lakhs)

		2014-15
a)	Capital	266.06
b)	Recurring	276.55
c)	Total	542.61
d)	Total R&D Expenditure as a percentage of Total Turnover	0.298%

2) Technology Absorption, Adaptation and Innovation

Spinning

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

a) Incurred ₹1584 lakhs on replacement of old technology machines & equipments.

b) Incurred ₹1446 lakhs on additions & modifications of existing machines.

c) Incurred ₹768 lakhs on purchase of machines and equipments for debottle necking.

d) Incurred ₹10346 lakhs on addition of latest technology machines and equipments for expansion. Installed 31104 new spindles unit having latest technology and state of the art machines and equipments from world renowned manufacturers from mixing preparation to finishing.

Fabrics

This Division 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 has been incurred :-

a) Incurred ₹65 lakhs on additions /modifications of existing machines.

b) Incurred ₹88 lakhs on purchase of machines and equipments for debottle necking.

c) Placed order for 16 double widths 'Somet' jacquard looms and 6 Nos Bonus jacquard looms for conversion from dobby to jacquard.

5) Foreign Exchange Earnings & Outgo

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

The company has taken effective steps for exports. During the year, the Company achieved satisfactory export performance. The Company is conscious of the challenges 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)

		2014-15
i)	Foreign Exchange Earned	43611.06
ii)	Foreign Exchange Used	5604.10

Annexure-II to the Directors' Report

Management discussion and analysis

Economic overview

Global economy

The global economy is still struggling to gain momentum as many high-income countries continue to struggle with legacies of the global financial crisis and emerging economies being rendered less dynamic than they were in the past.

The global economy growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. The growth observed in 2014 was marginal to 2.6%, rising marginally from 2.5% in 2013.

While economic activity in the United States and the United Kingdom has gathered momentum as labour markets heal and monetary policy remains extremely accommodative, the recovery has been hampered in the Eurozone and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks.

Disappointing growth in other developing countries in 2014 reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Overall, global growth is expected to rise moderately to 3% in 2015, and average about 3.3% through 2017.

Indian economy

The latest indicators, emerging from the recently revised estimates of national incomes brought out by the Central Statistics Office, point out the fact that the markets began to be revived in 2013-14 and gained further steam in 2014-15.

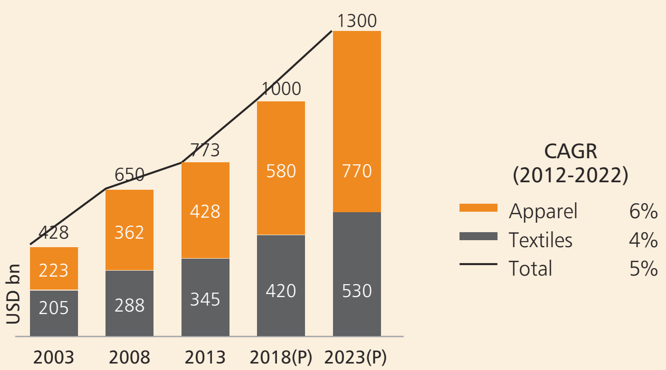
Factors like the steep decline in oil prices, funds inflow from across the globe, potential impact of the reform initiatives instituted by the newly-instated Central Government as well as its commitment to calibrate fiscal management, bode well for the overall macroeconomic situation.

In the current fiscal the annual gross domestic product (GDP) grew at 7.3% as compared to a growth rate of 6.9% in 2013-14 under a new method for computing national accounts (change of base year from 2004-05 to 2011-12 and the new annual estimate of national income and other macro economic aggregates), thereby resulting in the upward economic growth rate.

India surpassed China as one of the fastest growing economies with a robust 7.5% growth in the January-March quarter.

One of the redeeming features has been the emergence of India as a large economy with a promising outlook, amidst the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

Global textile and apparel industry



*Textiles include Fibres, Yarn, Fabrics and Made-ups
P+ Projected figures
Source: ITC, UN Comtrade, Technopak Anaalysis

The textile and apparel trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. Growth in apparel trade is expected to outpace that of the fabric trade. The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion.

Global textile and apparel industry

China dominates global textile and apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey and Pakistan are the other major textile and apparel exporters.

Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttleless looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia and Thailand are among the leaders in terms of this installed capacity.

The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times.

Going ahead, with the recovery of the global textile and apparel trade in 2013, it is expected to reach a size of US$ 1.3 trillion by 2023.

The American textile and apparel market: The U.S. textile industry is one of the more important employers in the manufacturing sector, with 232,000 workers, representing 2% of the U.S. manufacturing workforce. The United States is a globally competitive manufacturer of textiles, including textile raw materials, yarns, fabrics, apparel and home furnishings, and other textile finished products.

The industry is globally competitive, ranking fourth in global export value behind China, India, and Germany. U.S. exports of textiles increased by 45% between 2009 and 2014, to $18.3 billion.

With the revival of the economy, the outlook for the US textile industry for the year 2015 is also optimistic. The shipment of textile mills is expected to increase by 3-4% in 2015 over 2014. Value of apparel manufacturing is also expected increase by 5%. Also, the trade deficit in the US textile industry will gradually shrink. It is estimated that due to China's decreasing market share, imports of T&A to the United States will witness a marginal decline in 2015. This trend may continue in the years ahead. It is also estimated that the US textile exports will continue to grow for the fifth year on the trot in 2015.

The EU textile and apparel market: The textile and apparel market lost some momentum towards the end of 2014 but managed to improve over the full year as compared to 2013.

With economic recovery struggling to gather momentum in Europe, the evolution of EU textile and apparel activity during the third and fourth quarters of 2014 was clearly less favourable than in previous quarters. Furthermore, the positive developments in terms of turnover, retail sales and exports of textile and apparel products have helped gradually improve the employment situation in the EU.

China textile and apparel market: China is the biggest producer and exporter of textile and apparel products buoyed by a vertically-integrated supply chain and a diverse range of products. The increasing cost of manufacturing and unavailability of labour are emerging as challenges to China's textile and apparel industry.

China's total textiles and garment exports stood at 1.83 trillion Yuan in 2014, showing an increase of 4.06% year-on-year, which was lower than the 4.9% growth recorded for all Chinese exports.

With the rising per capita spend on apparel along with a 5 year CAGR growth of 13% (leading to 2013), the domestic Chinese apparel market is likely to surpass the growth of apparel exports for China. However, the Chinese textile and apparel industry is facing increased competition from other countries at a time when costs are continuing to rise which shows that the outlook for 2015 is not very optimistic for Chinese textile and clothing exports.

(Source: The China Chamber of Commerce for Import and Export of Textile and Apparel)

Policy change in China

To boost demand for domestic cotton, China, the world's top consumer of cotton, will slash its import quotas for 2015. China will provide import quotas next year only for the 894,000 tonnes that it is required to be offered at low duties as per its commitments to the World Trade Organisation (WTO) and no additional quota would be made available as it was made previously. Non-quota imports are subject to a 40% tariff, so the restricted availability of import quotas will dampen Chinese demand for foreign cotton and the same will hurt exports of many countries.

The Chinese Government will also end the three-year-long programme to stockpile domestic cotton to support local growers and instead offer subsidies directly to farmers. The stockpiling in the past had pushed the prices of domestic cotton well above market prices, creating demand for cheaper imports. As the Chinese Government offloads its reserve stock of cotton, mills will get access to cheaper cotton from the local market and the same will reduce their dependence on imports. So, China is unlikely to be an aggressive buyer this year and its imports are expected to decline significantly.

Indian textile industry

India is the second largest textile manufacturing infrastructure in the world after China. India is one of the few countries in the world which has production at each level of textile manufacturing viz. fibre manufacturing, spinning, weaving, knitting, processing and garmenting.

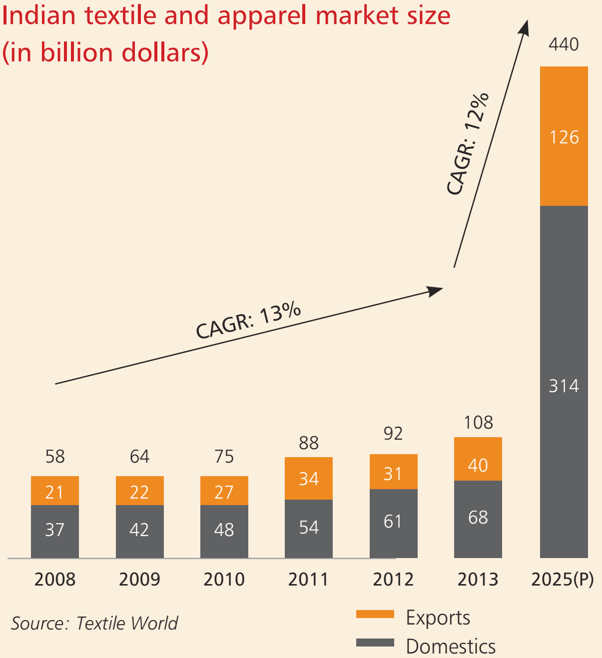
The Indian textile and apparel industry was estimated at $108 billion in 2013. It has grown at a CAGR of 13% between 2008 and 2013 and is projected to continue to grow at a CAGR of 12% and attain a size of $440 billion by 2025. With an estimated domestic consumption of approximately $68 billion and an export value of roughly $40 billion, it contributes to about 6% of the $1.8 trillion Indian economy and nearly 13% of the country's total exports basket. It is also the second largest provider of employment after agriculture, providing jobs for around 85 million people directly and indirectly.

The domestic market for textiles, apparel and technical textiles is estimated at approximately $68 billion. The total market has grown at a yearly growth rate of 13% over the past five years.

By 2030, it is estimated that 40% of India's population will live in urban areas. India, by then, will have 68 cities with population of more than one million each. This migration away from rural areas into cities will clearly accelerate consumption growth, including that of textile and apparel products.

India has a very powerful and impressive cotton yarn and fabric business sector that will now be looking at what it can achieve in the non-cotton and cotton/man-made blends and 100-percent man-made textiles. The sector appears to have the confidence and capability to shift its focus towards India's growing man-made textile industry.

Indian textile and apparel market size (in billion dollars)



Source: Textile World

Installed capacities in Indian Textile Sector

Description	Capacities
Spindles	490 lakhs
Rotors	8 lakhs
Shuttleless looms	1.2 lakhs
Power looms	23 lakhs
Handlooms	24 lakhs
Man-made fibre production	1,800 million kilograms
Man-made filament production	2,300 million kilograms

Source: Office of Textile Commissioner

Trends in textiles production

PRODUCTION OF MAN-MADE FIBRE, FILAMENT YARN, SPUN YARN AND CLOTH

Figures in million

Period	Man-made fibre	Man-made filament yarn	Cotton yarn	Blended & 100% non-cotton yarn	Total spun yarn	Cloth					
							Decentralised sector				Grand total (excluding khadi, wool and silk) (including mill sector)
						Mill sector	Hand loom	Power loom	Hosiery	Total	
	Kg	Kg	Kg	Kg	Kg	square metres	square metres	square metres	square metres	square metres	square metres
2010-11	1285	1550	3490	1223	4713	2205	6907	38015	14634	59556	61761
2011-12	1234	1463	3126	1246	4372	2313	6901	37445	12946	57292	59605
2012-13	1263	1371	3583	1285	4868	2418	6952	38038	14541	59531	61949
2013-14	1307	1294	3928	1381	5309	2531	7104	36790	16199	60093	62624
2014-15 (P)	1344	1247	4057	1428	5485	2492	7203	37566	16960	61729	64221
% Variation 2015 over 2014	2.8	-3.6	3.3	3.4	3.3	-1.5	1.4	2.1	4.7	2.7	2.6

(P) – Provisional

*While man-made fibre production saw a growth of 3%, filament yarn production went down by about 4% during the year 2014-15.

*Within the same period, cotton yarn production rose by 3% and blended and 100% non-cotton yarn production by 3%.

*Cloth production in the mill sector slowed down by 2%.

*Cloth production by handloom, powerloom and hosiery sectors increased by 1%, 2% and 5% respectively. The total cloth production during this period grew by 3%.

(Source: Ministry of Textiles)

India's position in the world textile trade

• Second largest producer of raw cotton • Second largest producer of cotton yarn • Second largest producer of cellulosic fibre/yarn • Second largest producer of silk • Fourth largest producer of synthetic fibre/yarn. • Largest producer of jute

Indian export scenario

India is the second largest exporter of textile and apparel products with a global trade share of approximately 5%. India has a vertically-integrated supply chain and produces a diverse range of products. The share of textiles in India's exports (60%) is much higher than that of apparel (40%).

Overall, the exports from India are expected to grow at a CAGR of 9% over the next decade. The rate of growth of apparel exports will continue to be higher than that of textiles.

Item	₹ in crore		% Growth	US $ million		% Growth
	April- January (2014-15) (P)	April-January (2013-14)		April-January (2014-15) (P)	April- January (2013-14)	
Textiles Exports	207255.62	197713.82	4.83	34014.47	32722.95	3.95
Total Exports	1122499.75	1080203.41	3.92	185970.07	181234.98	2.61
Share of textile exports in total exports(%)	18.46	18.30		18.29	18.06	

Trends in textile exports

As per the provisional export figures released by DGCIS, textiles exports were US$ 34.01 billion during April-January 2015 as compared to US $ 32.72 billion during the corresponding period in the previous year, registering a growth of 3.95%.

(P)- Provisional

Source- Foreign Trade Statistics of India (Principal Commodities and Countries), DGCIS.

Cotton scenario in India

Cotton prices in India have witnessed a consistent fall during the fiscal 2014-15. The fall in prices can be attributed to the expected record harvest owing to increased acreage, subdued demand from the domestic mills and fall in export demand from China. A bumper cotton crop, rising international inventories and continued demand stagnation from China is likely to drive cotton prices further down.

Over the past few years, India has achieved significant growth in terms of cotton production. About a decade ago, India was barely self-sufficient but is now poised to overtake China to become the world's largest producer of raw cotton. The area under cotton cultivation in India has increased from 85.76 lakh hectares in 2000-01 to 115.53 lakh hectares in 2013-14, while yield has grown from 278 kilograms per hectare to 518 kilograms per hectare during the same period. During the year 2014-15, the area under cotton cultivation in India has further increased to reach record level of 125 lakh hectares. During the year, India had witnessed less than satisfactory monsoons early in the rainy season, which propelled many farmers to switch to planting cotton, which needs less water to grow, leading to all-time high cotton acreage. Indian Cotton Federation (ICF) estimates a record harvest of 40 million bales during 2014-15, a growth of about 8% over 37.5 million bales in 2013-14.

However, The demand for cotton in international market is sliding, which can be largely linked to China's new cotton policy, as China constitutes about 60% of the India's cotton exports. Cotton export from India is estimated to fall from a high of 11 million bales in 2013-14 to 6-7 million bales in 2014-15.

Outlook

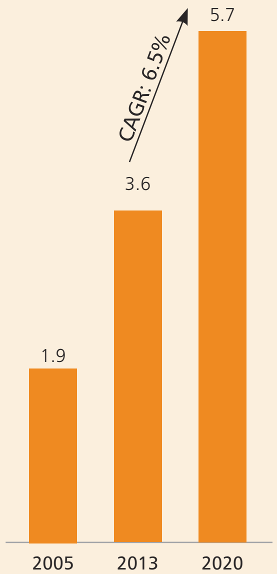
The Indian textile industry occupies a significant place in the country's economy providing employment directly or indirectly to around 85 million people. Cotton is a major raw material for the Indian textile industry, constituting about 65% of its requirements, and is primarily used by the textile industry to produce thread, fabrics, linen and apparel.

The fall in yarn prices and weak realisations are expected to adversely affect the operating performance of spinning mills. Furthermore, if the yarn prices continue to remain soft and exports decline, the Indian spinners may witness escalating inventory levels, hampering their profitability. Cotton yarn exports from India are expected to decline if demand from China continues to stay low. The fall in demand in the export markets will also impact the capacity utilisation levels of Indian spinning mills, further dampening returns.

Home textiles

India's home textiles market is estimated to be around US$3.6 billion (~₹21,000 crore) and growing at 6.5%. Key drivers of growth are increasing disposable incomes, modernisation of households, hospitals, offices, hotels, among others.

Indian home textile market (US$)



Source: Ministry of Textiles, secondary sources & Wisedge Analysis

Categorywise Market Break-up (INR Cr)

Categories	2013 (E)	2016(P)	2021 (P)	CAGR (2011-21)
Bed linen	10,260	14,100	20,710	7%
Towels	3,800	5,220	7,670	7%
Curtains	2,150	3,210	5,170	9%
Blankets	1,680	2,200	3,080	6%
Upholstery	1,410	2,090	3,360	9%
Kitchen linen	1,270	1,740	2,570	7%
Rugs and carpets	590	880	1,410	9%
Total	21,160	29,440	43,970	8%

SWOT analysis

Strengths

Raw material availability: The fundamental strength of the Indian textile industry is its strong production base of a wide range of fibres/yarns from natural fibres like cotton, jute, silk, and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

Inexpensive trained manpower: The textile and apparel industry in India benefits from a large pool of skilled workers at competitive rates. Though the wages across the globe are consistently increasing, wage rate growth in India is still lower than several other textile and apparel exporting nations.

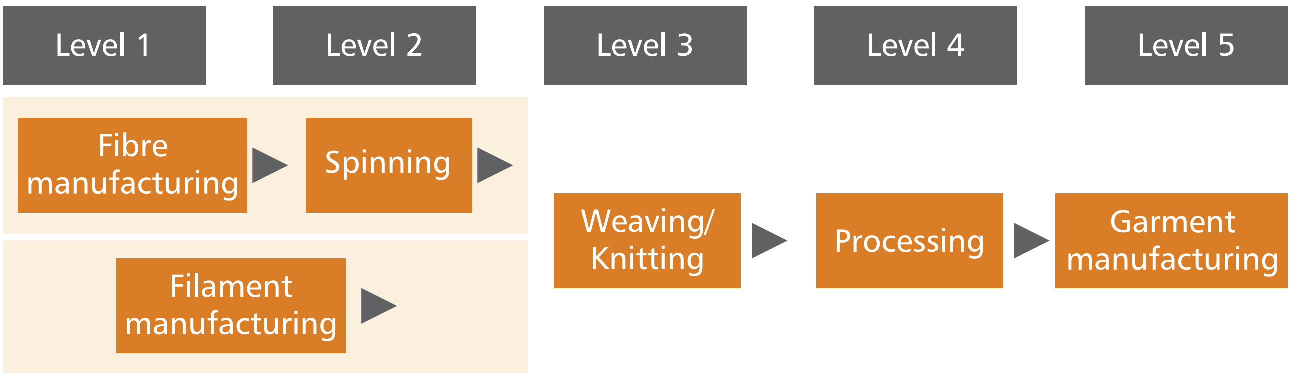
To address the rising demand for skilled manpower in the textile and apparel sector, the government has launched a Scheme for Growth and Development of Technical Textiles (SGDTT) and Integrated Skill Development Scheme (ISDS) for the textiles and apparels sector. The scheme focuses on building capacities of institutions providing skill development and training in the sector. India's large population base with government initiatives ensures proper and economical availability of trained manpower to the sector.

Government support for textile sector: The Indian Government has initiated various schemes to support the textile sector. These schemes provide numerous benefits to Indian textile manufacturers. Some of the schemes are:

- Scheme for Integrated Textile Parks (SITP)
- Restructured Technological Upgradation Fund Scheme (RR TUFS)
- Integrated Skill Development Scheme (ISDS)
- Swarnajayanti Gram Swarozgar Yojana (SGSY)
- Market Development Assistance (MDA)
- Market Access Initiative (MAI)
- Technology Mission on Technical Textiles (TMTT)

Apart from the Central Government, many State Governments are also making efforts to attract investments in their state. States like Maharashtra, Gujarat, Tamil Nadu, Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh and Punjab have come up with a host of investment-related incentives in the sector. These policies provide support in addition to Central Government schemes like RR TUFS, thereby making investments more attractive. The benefits generally include subsidised power, stamp duties, refunds of taxes along with capital and interest subsidies.

Presence across the value chain: India is one of the few textile manufacturing countries in the world which has a presence across the textiles value chain i.e. from fibres/filaments to garment manufacturing.



Weakness

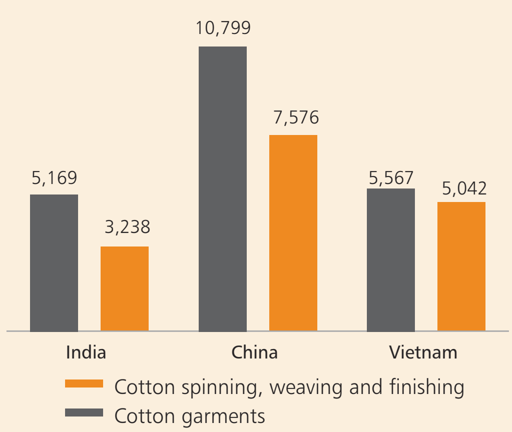
Unorganised fabric manufacturing and processing sector – The weaving and fabric processing sector in India is largely unorganised. The unorganised units suffer from a lack of capacity and many of them use outdated technologies. Scales as well as quality are the key areas of concern for these unorganised units.

Lower efficiency – Productivity levels in India are low compared to peers including China, Bangladesh, Turkey, among others.

Quality and cost of power – In some parts of India, there is erratic and limited power supply with poor quality. Cost of power in India on an average is higher compared to key competing countries like China, Bangladesh and Vietnam.

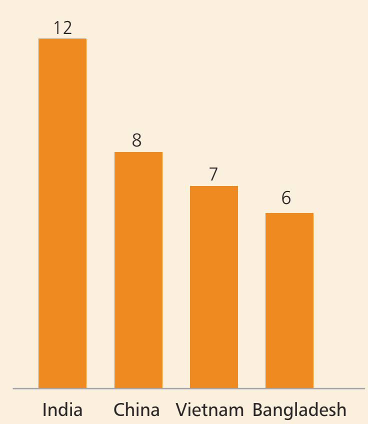
Infrastructure bottlenecks – The various infrastructure bottlenecks like poor road and ports and high cost of power has impaired the growth of the industry.

Labour productivity (US$/employee)



Data Source: UNIDO Report

Power cost in select nations (US$ cents)



Low focus on product and process development – Design and product development is yet to receive a significant attention from the Indian textile business. In general, spending on research and development by Indian textile and apparel companies is very low and only a few of them have quality product development centres.

Opportunities:

Growth in domestic demand – Domestic demand will increase owing to urbanisation and rising income levels of consumers. Also, the organised retailing sector is booming and with further opening up of the sector for FDI, several international brands are expected to enter India soon, providing thrust to the domestic sector.

China vacating space in international trade – Per capita spending in China is expected to grow from US$122 in 2013 to US$377 by 2025, which will make their domestic market very attractive for Chinese manufacturers. On the supply side, China is facing few challenges which will make it less competitive in international trade. Overall China's share in global trade is expected to reduce from 40% to 35% by 2025. This lower-than-market performance will create a vacuum worth USD 100 billion by 2025. India seems to the biggest beneficiary in the back of these developments.

Threats:

Competition from other exporting countries: Competitors like China, Bangladesh, Turkey, Sri Lanka, Germany, Italy and Vietnam, among others, have upgraded their core strengths and carved out their own niches in the global market.

Country	USP
China	Scale and productivity
Turkey	High design and product focus
Italy	High end skill and design orientation
Germany	Technical orientation and innovation focus
Sri Lanka	Product focus
Bangladesh	Low cost and large factories

Bangladesh's apparel export has already surpassed that of India. Vietnam, in the last few years, has also wolfed down on a larger chunk of the market. Similarly, Myanmar and Ethiopia are capturing the attention of the global investor and buyer community. All these countries will pose a tough competition to India in the near future.

Core competencies

One-stop solutions provider: The Company possesses the expertise to manufacture all types of spun-dyed yarns. The Company is in a league of its own as majority of the spinning mills in India are mostly engaged in manufacturing of grey cotton yarn. The Company has developed an entrenched expertise in manufacturing yarn from any fibre (synthetic and natural) in 100% or any blend (1-99%), in any form (grey, dyed and mixture) in a wide count range (6-60s counts)

Value-added product portfolio: The Company largely manufactures high-margin, niche yarns like cotton mélange yarn, polyester cotton dyed yarn, slub yarn, roving grindle yarn, modal yarn, tencel yarn and linen yarn. The Company garners most of its revenues from manufacturing such products as the same fetch higher realisations than normal grey/greige yarns.

Efficient sourcing of raw materials: The Company leverages its eight -decadal sectoral knowledge to manufacture high-quality and new varieties of yarn. The Company procures raw materials from reliable suppliers who possess the ability to manufacture customised fibres, which in turn helps the Company to manufacture specialised yarns.

Economies-of-scale: The Company's large capacity and the optimum utilisation of its assets enhanced economies-of-scale and improved its capacity utilisation from 95.52% to 95.86% in 2014-15.

Superior reach: The Company possesses a wide marketing network of agents, dealers ensuring seamless connectivity with its customers, pan-India and abroad.

Qualitative consistency: The Company's products are available at competitive prices and are benchmarked to the international quality standards – ISO 9001 and Uster quality certifications.

State-of-the-art technology: The Company has invested prudently towards upgrading and modernising assets which help it to stay competent. The Company has invested around ₹287 crore in plant upgradation, modernisation and expansion in the past five years leading to 2014-15 helping it strengthen its portfolio and productivity.

Policy developments and programmes

Governmental initiatives: While the US and the EU continue to remain primary markets for Indian textile and garment products, the Indian Government has taken various initiatives to reduce India's dependence on these markets.

- The Central Government implemented the Focus Market Scheme, introducing duty credit scrips (which the textile exporters can avail on exports to 26 additional countries apart from the existing destinations), to encourage textile exporters to focus on new markets and reduce their reliance on the US and the EU.

- Additionally, in 2013, the Indian Government signed MOUs with governments of various countries such as Mauritius, Iran, Japan, Uzbekistan, Romania, Sri Lanka and Myanmar to provide a fillip to the Indian textile sector.

- The passage of The Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Bill, 2014 is expected to ensure effective resuscitation of sick textile units. Union Budget 2014-15 allocated a sum of ₹5 billion for developing a textile mega-cluster based in Varanasi with six more centres at Bareilly, Lucknow, Surat, Kutch, Bhagalpur and Mysore.

- The 'Make in India' campaign intends to enable the Indian textile industry to achieve a 20% growth in exports and sustain a 12% growth rate in the domestic market till 2024-25, as suggested in the report of the Expert Committee on Vision, Strategy and Action Plan for Indian Textiles and Apparel Sector. The campaign also plans on providing investment opportunities to foreign companies and entrepreneurs across the entire value chain of synthetics, value-added and specialty fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments and retail brands.

Technology Upgradation Fund Scheme (TUFS)

Allocation for the flagship scheme of Technology Upgradation Fund (TUFS) has been revised to ₹1,520 crore for 2015-16. Payments under the scheme had been pending for the last three quarters and the provision had to be doubled to disburse the pending amount. The hike in service tax would have an adverse impact on the textile industry.

While the government had extended the optional Cenvat route for cotton textiles this year too, it had not considered some of the major demands of the textiles and clothing sector. The prices of Indian man-made fibres were 23 per cent higher when compared to international prices and, therefore, the growth of the sector in the country was stagnant. The need to remove import duty and reduce Central Excise on man-made fibres and allocation of adequate funds for the ongoing and pending projects under the Technology Upgradation Fund Scheme had also been overlooked.

Scheme for Integrated Textile Park (SITP)

Integrated greenfield textile parks have been set up under the flagship Scheme of Ministry of Textiles namely 'Scheme for Integrated Textile Parks' (SITP) aimed at creating world-class infrastructure for the Textile Industry. In order to provide a fillip to the apparel manufacturing industry and generate additional employment, particularly for women, the Finance Minister has announced an additional grant upto ₹10 crore per Park for apparel manufacturing units within the Parks upto ₹50 crore. This additional support to apparel manufacturing units is expected to generate direct employment to upto 4,000 persons in each Park by leveraging the infrastructure already created. This additional support would be available during the 12th Five Year Plan. The guidelines are set under which additional assistance upto ₹10 crore per Park, for promoting investments in apparel manufacturing, would be provided. (Source: Textile Ministry)

Integrated Skill Development Scheme (ISDS)

The textiles sector has the second largest share of employment after agriculture. With technological modernisation being the key to high industrial growth, labour-intensive industries like textiles require not only skilled workforce, but also massive vocational training for skill upgradation of the existing workers engaged in the organised as well as unorganised sectors (including handlooms, powerlooms, sericulture, wool, khadi, among others). To fill up the demand supply gap, a focused and financially sustainable strategy needs to be put in place during the Twelfth Five Year Plan.

As per the NSDC report, the overall employment in the textile and clothing sector is expected to increase from about 33 to 35 million in 2008 to about 60 to 62 million by 2022, translating into an incremental human resource requirement of about 25 million. Of this, the mainstream textile and clothing sector has the potential to employ about 17 million persons incrementally till 2022.

The Twelfth Five Year Plan approaches skill development with a focus on skill-enhancement and faster generation of employment, in order to reap the demographic dividend. Skill building can be viewed as an instrument to improve the effectiveness and contribution of labour and push the production possibility frontier outward to take growth rate of the economy to a higher trajectory. Skill building could also be seen as an instrument to empower the individual and improve his/her social acceptance or value. *(Source: Textile Ministry)*

Integrated Processing Development Scheme (IPDS)

The primary objective of the IPDS is to facilitate the textile industry to become globally competitive using environmentally friendly processing standards and technology. The scheme would facilitate the textile units to meet the required environmental standards. The IPDS would create new processing parks as well as support the upgradation of existing processing clusters specifically in the area of water and waste water management as also to promote research and development for a cleaner technology in the processing sector. *(Source: Textile Ministry)*

Growth enablers

Rising incomes: India's monthly per capita income, the measure of standard of living, is likely to be ₹7,378.17 (USD 118.68) for 2014-15, up over 10 per cent from last year, after a revision in the method of calculations. (The revised method of calculation takes into account gross value added in goods and services as well as indirect taxes. Also, the base year has been changed from 2004-05 to 2011-12). The per capita net national income during 2014-15 is estimated to be ₹88,538 showing a rise of 10.1 per cent as compared to ₹80,388 during 2013-14 with the growth rate of 12.3 per cent. (Source: CSO). The increase in per capita income is indicative of the improving standard of living, which translates into greater disposable income for discretionary items like clothes, entertainment and luxury.

http://articles.economictimes.indiatimes.com/2015-02-09/news/58967932_1_capita-income-constant-prices-central-statistics-office

Per capita expenditure on apparel: Apparel remains largely a discretionary purchase compared to other consumer goods, making it more prone to economic shocks. The global apparel market has been shaped by three contrasting regional movements – robust growth in emerging markets, fragile recovery in the United States, and a sharp slowdown in Western Europe. The global per capita expenditure on apparel is estimated to increase from USD 36 in 2012 to USD 138 by 2025.

Organised retail: The organised retail of textiles in India is set to double by 2018 growing from $8 billion in 2013 to $18 billion in 2018 which give a positive notion that organised retail has arrived in the Indian market helping the sector explore the opportunities and grow substantially. The growth of the organised retail has been over 20% y-o-y compared to over 80% in developed regions. *(Source: Technopak)*

High receptivity of apparel towards corporatised retail: The share of corporatised retail in apparel has increased from 14% in 2008 to 19% in 2013. The comparatively high corporatisation in apparel retail has resulted in higher formalisation of the apparel retail ecosystem. The growing reach beyond the major urban centres and the development of alternative retail channels will continue to drive the growth of the apparel category.

Age profile: Every third person in an Indian city today is a youth. In about seven years, the median individual in India will be 29 years, very likely a city-dweller, making it the youngest country in the world. India is set to experience a dynamic transformation as the population burden of the past turns into a demographic dividend. More than 50% of India's current population is below the age of 25 and over 65% below the age of 35. The population in the age-group of 15-34 increased from 353 million in 2001 to 430 million in 2011. Current predictions suggest a steady increase in the youth population to 464 million by 2021.

With the West, Japan and even China aging, this demographic potential offers India and its growing economy an unprecedented edge that economists believe could add a significant 2% to the GDP growth rate. These favourable demographics are expected to pave the way forward for the textile sector.

Urbanisation: India is on the brink of an urban revolution, with its population in towns and cities expected to reach 600 million by 2031, which pegged the gap in urban infrastructure investment in the country over the next 20 years at a whopping $827 billion.

Over the last two decades, India's urban population increased from 217 million to 377 million and this is expected to reach 600 million, or 40% of the population by 2031. The urbanisation will induce the growth of the textile industry as standards of living will improve palpably.

Financial performance

A brief summary of the financial performance for the year ended March 31, 2015:

(₹ in crore)

Net revenues from operations	1,878.22
Gross profit	218.81
Depreciation and amortisation	69.91
Profit before exceptional items and tax	148.90
Profit before tax	148.22
Profit after tax	115.46

Human resources

The Company believes that the human capital is the most valuable weapon in its arsenal. A motivated and efficient workforce can help it attain its target in a realistic manner. 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, 2015, it has an employee base of 11,832.

Internal control system

Given the magnitude and nature of its business, the Company needs to maintain sound and commercial practice with an effective internal control system. The system ensures that all transactions are authorised, recorded and reported correctly to safeguard assets and protect them from any loss due to unauthorised use or disposition. The operating managers make sure that all operations within their area are compliant and safeguarded against all risks whereas on the other, auditors carry out random audits to detect flaws in the system, which makes it effective and efficient. Internal audit reports are prepared 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 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 government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Annexure-III to the 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 fulfill its responsibilities to the stakeholder community, comprising of customers, employees, shareholders, Government and other societal segments. Sutlej's philosophy is to conduct business at highest ethical standards for growth and prosperity of all the stakeholders on a sustainable basis in keeping with its corporate social responsibilities. 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 endeavor to improve upon our practices in line with the changing demands of the business. Sutlej adopts innovative approaches for leveraging all its resources; and encourages a spirit of conversion of opportunities into achievements. To keep it in step with the changing regulatory norms in our country, as well as in different parts of the world where Sutlej does business, the Sutlej Code of Conduct has been modified on 13th May, 2014. These modifications have reinforced the code and enabled it to reflect the diverse business, cultural and other factors that have a bearing on the health of brand 'Sutlej'.

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. In this, your company is guided by its vision, mission and the code on Corporate Governance.

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:

- Strategic supervision by the Board of Directors which is made up of appropriate size, bouquets of experience, and commitment to discharge their responsibilities; Timely and adequate flow of information to the Board and its Committees for meaningful and focused discussion at the meetings;
- Independent verification of company's financial reporting from time to time and on quarterly basis;
- A sound system of internal Controls within the Risk Management framework to mitigate perceived risk factors;
- Timely and balanced disclosure of all material information; and disclosure of all deviations, if any, to all stakeholders;
- Compliance with applicable laws, rules, regulations and guidelines;
- Transparency and defined accountability;
- Equitable and fair treatment to all the stakeholders including employees, customers, vendors, shareholders and investors.

The Board of Directors plays an active role in fulfilling its fiduciary obligation to shareholders by efficiently overseeing the 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.

B. BOARD OF DIRECTORS

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

COMPOSITION

The company's Board of Directors comprises nine members, eight of whom are Non-executive Directors and one Wholetime Director. Cumulatively, they account for more than 88 per cent of the Board's strength as against the minimum requirement of 50 percent as per the Listing Agreement. The Non-executive Directors are eminent professionals with a vast experience of industry, finance and law. The Board is headed by Non-executive Chairman. All the directors possess the requisite qualifications and experience in general corporate management, finance, banking and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company. None of the Directors are inter-se related to each other. Except the Wholetime Director and Independent Directors, all directors are liable to retire by rotation. The Board composition fully satisfies the requirements of the Listing Agreement.

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 Clause 49 of the Equity Listing Agreement and Section 149(6) of the Companies Act 2013. The Board comprises more than the required number of Independent Directors. In view of promulgation of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which came into force from 1st April, 2014 and 1st October, 2014 respectively, an Independent Director has to be appointed for a fixed term of not exceeding five years and he/she shall not be liable to retire by rotation. Therefore, the Company at its 9th Annual General meeting of the Company held on 23rd August, 2014 has appointed / re-appointed all the independent directors for a fixed 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, apart from Shri C. S. Nopany, Chairman and Shri Sukhvir Singh 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.

TRAINING OF BOARD MEMBERS

All newly inducted non-executive directors on the Board are introduced to Company culture through appropriate orientation, presentations, made by various executive directors and senior management to provide an overview of the Company's operations and to familiarize them with our operations. They are also introduced to our organization structure, products, board procedures, matters reserved for Board, our major risks and risk management strategy.

NUMBER OF BOARD MEETINGS

During the year under review, seven Board meetings were held on 13th May, 2014; 8th August, 2014; 17th September, 2014; 5th November, 2014; 28th November,2014; 6th February, 2015 and 14th March, 2015. The Meetings were held as per the requirements of business; and maximum interval between any two Board Meetings was within the permissible limits. The Board meets at least once in every quarter inter alia, to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the company. Additional meetings are held when necessary. Senior executives are invited to provide additional inputs at the Board meeting, as and when necessary.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS AND DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS HELD

The composition of the Board of Directors, their attendance at the Board meetings during the year and at the last Annual General Meeting and the number of other Directorships/Board level committee positions held by them in other Indian public companies as on 31.03.2015 is as follows:

Name of Director	Category of Director	Number of Board meetings attended	Attendance at last AGM	Number of Other Director-Ships in Public Companies	Number of other Companies' Board Committee(s)	
					Chairperson	Member
Mr. C. S. Nopany	NED/PG	5	No	8	3	0
Mr. U. K. Khaitan	I/NED	4	No	9	2	3
Mr. Amit Dalal	I/NED	7	No	6	0	2
Mr. Rajan Dalal	I/NED	6	Yes	2	0	0
Mr. Rajiv K.Podar	I/NED	5	No	3	0	0
Mr M.H. Rahman	I/NED	7	No	0	0	0
Smt. Sonu Bhasin*	I / NED	0	N.A	5	2	3
Mr. Sukhvir Singh	NED	1	No	0	0	0
Mr. Dilip Ghorawat	ED	7	Yes	0	0	0

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

** Smt. Sonu Bhasin was appointed as Additional Director (Non-Executive Independent) w.e.f from 7th May, 2015. Her continuance on the Board as a Director is subject to approval of shareholders at the ensuing Annual General Meeting of the Company.*

The number of Directorships, Committee Memberships / Chairmanships of all Directors is within the respective limits prescribed under the Companies Act, 2013 and the Listing Agreement.

None of the Directors of the company hold any shares of the company.

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 and circulation of minutes of the Meetings amongst the Directors.

INFORMATION TO THE BOARD

A detailed agenda folder is sent to each director in advance of the Board Meetings. 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 matters
- 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 agreement related requirements or in relation to any shareholder services

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

As required under the Companies Act, 2013 and Listing Agreement, the Independent Directors meet at least once in a year without the presence of Executive Directors or Management representatives. The Independent Directors at their meeting held on 6th February, 2015, 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.

Interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

BOARD EVALUATION

As per the mandate of the Companies Act, 2013 and Listing Agreement, the Nomination and Remuneration Committee evaluates the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board. The evaluation of the performance of the Board as whole, the Board Committees and the Directors shall be carried out on an annual basis.

C. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Whole time 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 upto 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 2014-15 will be ₹87,00,000/- 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, 2015 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 contribution and 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 2014-2015 is as follows:

Sl. No.	Name of Director	Commission (₹)	Sitting Fees (₹)
1.	Mr. C. S. Nopany*	75,00,000*	1,00,000
2.	Mr. U. K. Khaitan	2,00,000	80,000
3	Mr.Amit Dalal	2,00,000	2,30,000
4.	Mr Rajan A. Dalal	2,00,000	2,60,000
5.	Mr. Rajiv K.Podar	2,00,000	2,20,000
6.	Mr Mahmoodur Rahman	2,00,000	2,10,000
7.	Mr. Sukhvir Singh	2,00,000	30,000

** Non-Executive Chairman of the Company, Mr. C. S. Nopany is however, entitled to a higher commission, subject to a ceiling of ₹75.00 Lakhs.*

ii) Remuneration paid/payable to the Whole time Director of the company for the year ended 31st March, 2015, is as under:-

(Amount in ₹ Lakh)

Wholetime Director	Salary etc.	Perquisites	Retirement Benefits	Total
Mr. Dilip Kumar Ghorawat	35.40	25.81	4.25	65.46

D. COMMITTEES OF THE BOARD

Pursuant to Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013, the Board of Directors constituted five Committees of the Directors:

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

Besides the above, during the FY 2014-15, the Board has constituted a "Strategy Committee of the Board" to explore possibilities of business expansion through organic as well as inorganic means.

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 fields like investment banking, creating dealer network in domestic and international markets, wealth management, investment in equity and debt markets, capital raising, mergers and acquisitions etc. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K. Podar and Mr. M. H. Rahman.

TERMS OF REFERENCE

The terms of reference of the Audit Committee comprise the following:

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, reliable and sufficient.
- Reviewing with the management and statutory auditors the quarterly/annual financial statements before submission to the Board, and focusing primarily on :
  - Any changes in the accounting policies and procedures
  - Compliance with accounting standards
  - Adequacy of the internal control system, including management information system.
  - Compliance with listing agreements with the stock exchanges and conformity with their requirements concerning financial statements.
  - Major accounting entries based on the exercise of prudential judgment by management.

- Any related party transactions of the company of a material nature that may potentially conflict with the interests of the company
- Reviewing the company's financial and risk management policies
- Recommending the appointment and removal of statutory, cost and internal auditors and determination of the audit fees and also grant approval for payment for any other services.
- Reviewing the scope and adequacy of the internal audit functions and deciding upon the scope of work of the Internal Auditors, discussing with internal auditors significant audit findings and follow up actions initiated thereon.
- Any other matter that may be referred to the Committee from time to time.
- The Audit Committee reviews every quarter the Report on Corporate Governance under clause 49 of the Listing Agreement and Reconciliation of Share Capital Audit Report of the Practising Company Secretaries.
- Audit Committee also reviews every half year Clause 47C Certificate, issued by the Practising Company Secretary.

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met five times 12th May, 2014; 7th August, 2014; 3rd November, 2014, 6th February, 2015 and 14th March, 2015.

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	5
Mr. Rajiv K.Podar	Member	Non-executive Independent	2
Dr. M. H. Rahman	Member	Non-executive Independent	5

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 Clause 49 of the Listing Agreement (as amended from time to time) are also reviewed by the Committee. The management makes a presentation before the Audit Committee by way of rejoinders 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 at the Audit Committee 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. The Constitution of the Stakeholders' Relationship Committee meets the requirements of Section 178 of the Companies Act, 2013.

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 keeps a close watch on the performance of M/s. Sharepro Services (India) Pvt. Ltd., the Registrar & Share Transfer Agents (RTA) of the company. The Company Secretary designated as the Compliance Officer of the company, acts as the ex-officio 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. Besides the above the Committee also reviews the shareholding pattern, which is submitted to the Stock Exchanges. The Board from time to time also invests the Committee with the power to take timely action on regulatory compliances with respect to (but not limited to) bonus issue, shares placement, issue of shareholders notices, book closure, record date, etc.

MEETINGS AND ATTENDANCE

During the year under review the Committee met Five times as on 2nd May, 2014; 24th July, 2014; 1st September, 2014; 18th October, 2014; and 16th January, 2015.

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

Name of the member	Status	Category	Number of meetings attended
Mr. Amit Dalal	Chairman	Non-executive/Independent	4
Mr. Rajiv K.Podar	Member	Non-executive/Independent	1
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 22 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, 2015.

III. NOMINATION & REMUNERATION COMMITTEE

The company has constituted the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 amd the Corporate Governance Code, as a mandatory requirement.

COMPOSITION

The Committee comprises of three Non-executive Directors, namely, Mr. U.K.Khaitan, Mr. Rajan Dalal and Mr. Sukhvir Singh. The Committee is headed by Mr. U.K.Khaitan. The Constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013.

TERMS OF REFERENCE

The Committee is empowered to determine the compensation package of the President, Executive Presidents, Executive Directors, Secretary and other senior management personnel.

MEETINGS AND ATTENDANCE

During the year under review, there was one Meeting of the Committee on 7th August, 2014. 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	0
Mr. Rajan A. Dalal	Member	Non-executive Independent	1
Mr. Sukhvir Singh	Member	Non-executive Independent	1

IV FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee (FCAC) presently comprises of three Non-executive Directors and Wholetime Director as members and is headed by Mr. C.S.Nopany, Chairman of the Board. Other members of the Committee are Mr. Rajan A. Dalal, Mr. Rajiv K. Podar and Mr. Dilip Ghorawat, Whole time Director.

TERMS OF REFERENCE

The Committee is authorised to decide upon matters relating to borrowing, 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 Clause 41 of the Listing agreement.

MEETINGS AND ATTENDANCE

The Committee met six times on 2nd April, 2014; 18th June, 2014; 25th June, 2014; 11th November, 2014; 6th February, 2015 and 14th March, 2015 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	Non-executive	0
Mr. Rajan A. Dalal	Member	Non-executive / Independent	6
Mr. Rajiv K.Podar	Member	Non-executive / Independent	6
Mr. Dilip Ghorawat	Member	Executive / WTD	6

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

Corporate Social Responsibility Committee ("CSR Committee") was formed and constituted by the Board of Directors on 28.01.2014 consisting of Shri C. S. Nopany as Chairman and Shri Amit Dalal, Shri Rajiv Podar and Dr. M. H. Rahman as members of the Committee.

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 (with such changes therein from time to time as it may deem fit) 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 one time i.e. on 15.04.2014 :

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	Non-executive	0
Mr. Amit Dalal	Member	Non-executive Independent	0
Mr. Rajiv K.Podar	Member	Non-executive Independent	1
Dr. M. H. Rahman	Member	Non-executive Independent	1

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

VI. STRATEGY COMMITTEE

COMPOSITION

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

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

During the year under review, the Committee met twice i.e. on 3rd March, 2015 and 14th march, 2015:

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

Name of the member	Status	Category	Number of meetings attended
Mr. Rajan Dalal	Chairman	Non-executive Independent	2
Mr. Rajiv K.Podar	Member	Non-executive Independent	2
Dr. M. H. Rahman	Member	Non-executive Independent	1

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 Remuneration Policy for selection and appointment of Directors, Senior Management personnel and their remuneration. The Policy contains, inter-alia, directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, etc. The Remuneration 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 conflict 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 a 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 DISCUSSION & ANALYSIS

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

G. Disclosures

(i) Related Party Transactions

Details of related party transactions that is the transactions between the company and the Promoters, Management, Directors or their relatives etc. are disclosed in the Note No. 31.09 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 is required to obtain the approval of dear shareholders at the ensuing Annual General Meeting of the Company.

(ii) Accounting treatment in preparation of financial statements

The Company has followed the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

(iii) Risk Management

As required under clause 49 of the Listing Agreement, 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 long term interests of the Company. Reporting risks are associated with incorrect or un-timely financial and non-financial reporting.

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

During the year, the Board has reviewed the risk assessment and a risk minimization procedure and appropriate risk mitigation procedures, commensurate to the risks has been adopted.

(iv) 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 an 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;

The codes have been revised in conformity with the statutory changes appropriately.

(v) Listing Agreement Compliance

The company complies with all the requirements of the Listing Agreement including the mandatory requirements of the clause 49 of the Agreement, except in relation to the appointment of a woman Director. This requirement too has been complied w.e.f 07/05/2015, upon appointment of Ms. Sonu Bhasin as a Director on the Board.

(vi) Insider trading

The company adopted the code of internal procedures and conduct framed under the 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.

(vii) 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 2014-2015. As required, 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.

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

As per the requirement of Clause 41(ii) and 49(V) of the Listing Agreement, a certificate duly signed by CEO and CFO of the company, regarding the Financial Statements for the year ended 31st March, 2015, was placed at the Board Meeting of the company held on 7th May, 2015. A declaration by the CEO under Clause 49 of the Listing Agreement regarding the due observance/ compliance of the Company's Code of Conduct is annexed to this Report.

H. SHAREHOLDER INFORMATION

(i) Means of communication

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at www. sutlejtextiles.com containing the basic information about the company viz. the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances etc. The contents of the said website are updated from time to time.

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

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

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

(ii) General Body Meetings

(a) Annual General 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
9th	2013-2014	August 23, 2014	3.00 p.m	Registered Office: Pachpahar Road, Bhawanimandi (Raj)	1. Appointment of the following directors as Independent Director for a term of 5 years :- i. Shri U.K.Khaitan ii.Shri Amit Dalal iii.Shri Rajan Dalal iv.Shri Rajiv Podar v. Dr. M. H. Rahman 2. Appointment of Shri Dilipkumar Shrichand Ghorawat as a Director under section 160 of the Companies Act, 2013. 3. Appointment of Shri Dilipkumar Shrichand Ghorawat as the Whole-time Director and Chief Financial Officer under section 196, 197 & 203 of the Companies Act, 2013. 4.To borrow and raise for and on behalf of the Company, a sum not exceeding ₹1500 crore in aggregate. (Special resolution)
8th	2012-2013	August 10, 2013	3.00 p.m	Registered Office: Pachpahar Road, Bhawanimandi (Raj)	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.
7th	2011-2012	August 11, 2012	3.00 p.m	Registered Office: Pachpahar Road, Bhawanimandi (Raj)	1. Re-appointment of Mr.C.Singhania as Whole time Director, Inter alia, under Section 269 of the Companies Act, 1956.on certain terms and conditions. 2. Appointment of Mr.M.H.Rahman as Director, who retires by rotation under section 257 of the Companies Act,1956.

The 10th Annual General Meeting of the company is proposed to be held on 31st August, 2015 at 3.00 P.M. at the Registered Office of the company.

(b) Postal Ballot:

During the financial year 2014-2015, the Company conducted Postal Ballot for passing of the following Special Resolutions:-

1. To approve creation of charge on the total assets of the Company to secure its borrowings u/s 180(1)(a) of the Companies Act, 2013.
2. To alter the Articles of Association of the Company, by adopting new set of Articles of Association containing regulations conforming to the Companies act, 2013.

In the Postal Ballot conducted pursuant to Clause 35B of the Listing Agreement, the Company had also offered e-voting facility, through National Securities Depository Limited, as an alternative, to enable the shareholders to cast their votes electronically

The Board had appointed Mr. Rajendra Chouhan, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process. The results of the postal ballot were declared on 17th October, 2014. Details of the voting pattern were as under:

Sr. No.	Description of Resolutions	Total Number of Valid Votes Received	Votes Cast (No. of Shares & %)	
			For	Against
1.	Creation of charge on the total assets of the Company to secure its borrowings	1,28,98,537	1,28,96,840 (99.987%)	1697 (0.013%)
2.	Adoption of New Articles of Association in place of existing Articles of Association	1,28,93,815	1,28,93,215 (99.995%)	600 (0.005%)

Accordingly the said Special Resolutions were approved by the shareholders, with requisite and overwhelming majority.

(iii) Disclosures regarding Directors seeking re-appointment

Mr. C.S.Nopany, Chairman of the Board of Directors of the company retires by rotation at this Annual General Meeting and is eligible for re-appointment.

Brief particulars of the directors being re-appointed, nature of their 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 clause 49 of the listing agreement with the stock exchanges in India, are provided in the notes to the notice of the annual general meeting.

(iv) General Shareholders' information

(i) 10th Annual General Meeting:

Date	31/08/2015
Day	Monday
Time	3.00 p.m.
Venue	At Registered Office Pachpahar Road, Bhawanimandi 326 502 (Raj.)

(ii) Last date for receipt of Proxies

Saturday, 29th August, 2015 (before 3.00 p.m.at the Registered Office of the Company)

(iii) Record Date

11th July, 2015 for entitlement of dividend.

(iv) Book closure

The register of members and share transfer books of the company shall remain closed from Tuesday 25th August, 2015 to Monday 31st August, 2015 (both days inclusive).

(v) Tentative financial calendar:

Next financial year	1st April, 2015 to 31st March, 2016
Audited Annual Results (2014-15)	7th May, 2015
Publication of Audited Results (2014-15) in the press	8th May, 2015
Mailing of Annual Report	end-July, 2015
First Quarter Results & Limited Review	end-July, 2015
Second Quarter Results & Limited Review	end-October, 2015
Third Quarter Results & Limited Review	end-January, 2016
Audited Annual Results (2015-16)	mid-May, 2016

(vi) Dividend

Payment date (tentative): 5th September, 2015.

The Board of Directors at their meeting held on 7th May, 2015, have recommended a Dividend of ₹10 /- per share for the year ended 31st March, 2015, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved, the dividend will be paid to the shareholders on or after 5th September, 2015 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

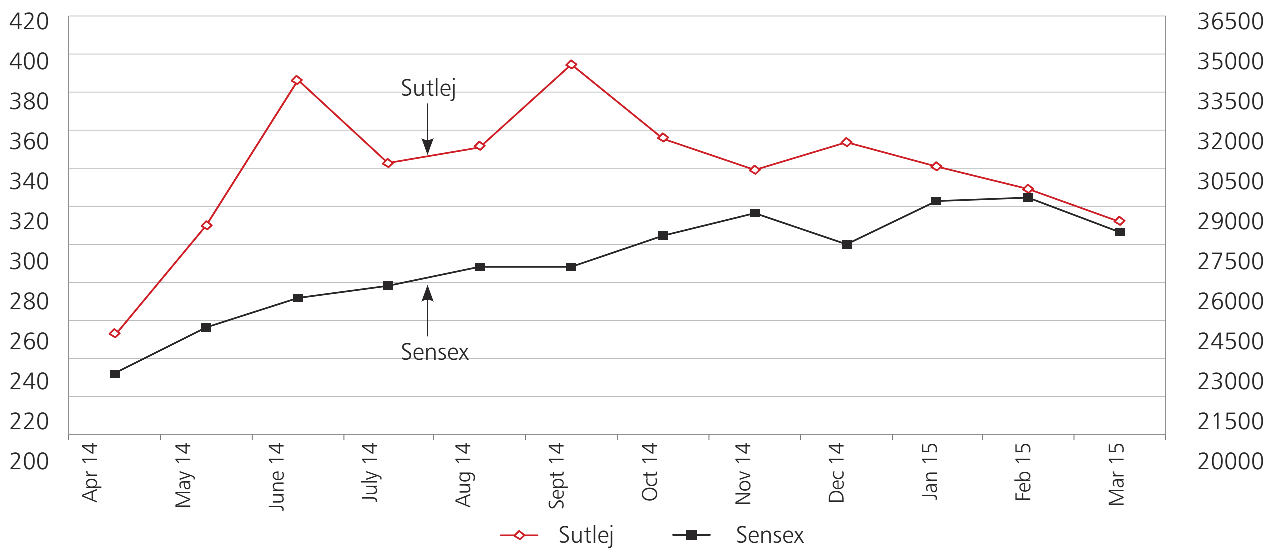
Corporate Identification Number of the Company allotted by the Ministry of Corporate Affairs Government of India is L17124RJ2005PLC020927.

(ix) Stock Data/ Market price data

High/low market prices 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, 2014	258.80	215.00	258.90	213.15
May, 2014	338.00	243.00	324.00	244.00
June, 2014	395.00	304.00	394.00	300.05
July, 2014	418.40	337.55	420.00	331.00
August, 2014	396.00	325.00	376.10	322.25
September, 2014	445.45	336.55	444.40	336.95
October, 2014	402.00	339.00	400.00	339.00
November, 2014	361.25	334.25	363.50	323.60
December, 2014	383.50	336.15	384.95	335.65
January, 2015	398.00	340.05	378.50	338.00
February, 2015	352.75	315.10	356.00	302.65
March, 2015	369.00	315.20	364.90	291.00

Sutlej share price and BSE Sensex movement



(x) Shareholding Pattern

Details of shareholding by ownership as on 31st March, 2015 was as under:

Sl. No.	Category	Number of folios	% of Folios	Number of shares held	% of share-Holding
1.	Promoters*	13	0.25	10456861	63.83
2.	Financial institutions, Banks and mutual funds	5	0.09	5901	0.03
3.	Private corporate bodies/ associates	277	5.27	3144990	19.20
4.	Indian Public*	4815	91.61	2737070	16.71
5.	FIIs	0	0.00	0	0.00
6.	NRI, Foreign Nationals and OCBs	146	2.78	38050	0.23
	TOTAL	5256	100.00	16382862	100.00

* as per Clause 40A of the Listing Agreement.

(xi) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2015 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	2687	51.12	108960	0.67
2.	101 to 500	1689	32.14	414084	2.53
3.	501 to 1000	415	7.90	303564	1.85
4.	1001 to 5000	345	6.56	718102	4.38
5.	5001 to 10000	69	1.31	484790	2.96
6.	10001 to 100000	34	0.65	985153	6.01
7.	100001 to 500000	9	0.17	1701756	10.39
8.	500001 to above	8	0.15	11666453	71.21
	TOTAL	5256	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, 97.18% of the total equity share capital of the company was held in a dematerialised form with NSDL and CDSL as on 31.03.2015.

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

(xiii) 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.

(xiv) Share transfer system

Share transfers were registered and returned normally within 7 days from the date of receipt if the documents were clear in all respects. The Secretary of the company was authorised to approve the transfer of shares in addition to the Stakeholders' Relationship Committee.

(xv) 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.

(xvi) Registrar and Transfer Agent

The company appointed M/s. Sharepro Services (India) Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) 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:

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 400072
Tel. 022-67720300/400; Fax: 022-28591568

(xvii) Compliance Officer's Details:

Mr. D.R.Prabhu
Company Secretary & Compliance Officer

Seated at Corporate Office at:

Sutlej Textiles and Industries Limited
Solaris-1, D Wing, 4th Floor, Opp L&T Gate No-6, Saki Vihar Road, Powai, Andheri-East, Mumbai-400 072
Tel : 022-4219 8800 / 4219 8824
Fax : 022-4219 8830/31
E-mail ID : prabhu@sutlejtextiles.com

(xviii) 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.

(ii) Listing Agreement Compliance

The company complies with all the requirements of the Listing Agreement including the mandatory requirements of the clause 49 of the Agreement, except as stated herein before.

(iii) Audit Qualification

The Company is in the regime of unqualified financial statement.

(iv) Training of Board Members

The Board members are provided with necessary documents/brochures and reports to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company and business strategy. Certain training programmes will sutiably be arranged for Directors during the current financial year.

(v) Adoption of Non-Mandatory requirements

The company has not adopted any non-mandatory requirements except relating to the maintenance of the office of the Non-executive Chairman by sharing the common expenses with other entities.

(vi) 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 Clause 49 of the Listing Agreement, 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.

(vii) Disclosure Under Clause 53 Of The Listing Agreement Regarding Certain Agreements With The Media Companies.

Pursuant to the requirement of Clause 53 of the Listing Agreement, 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 (NESC)/ Electronic Clearing Services (ECS) mandate

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

(iii) Timely Encashment of Dividends

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

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

Under the Companies Act, 2013, dividends which remain unclaimed for a period of seven years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2006-2007 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 31/03/2015 (₹)	Last date for claiming unpaid Dividend amount (on or before)	Last date for transfer to IEPF
31.03.2008	26.09.2008	169939.00	25.09.2015	25.10.2015
31.03.2009	28.08.2009	212177.00	27.08.2016	27.09.2016
31.03.2010	06.08.2010	402817.50	05.08.2017	05.09.2017
31.03.2011	06.08.2011	1483830.00	05.08.2018	05.09.2018
31.03.2012	11.08.2012	977890.00	10.08.2019	10.09.2019
31.03.2013	10.08.2013	909160.00	09.08.2020	09.09.2020
31.03.2014	23.08.2014	2407488.00	22.08.2021	22.09.2021

Members are once again requested to utilize this opportunity and get in touch with Company's Registrar and Share transfer Agents M/s Sharepro Services (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 Sharepro Services (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 Investor 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

Sharepro Services (India) Pvt.Ltd.
Samhita Warehousing Complex,
Gala No. 52 to 56, Building No. 13 AB
Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka, Mumbai 400 072
Tel. 022-67720300/400; Fax: 022-28591568
E-mail:sharepro@shareproservices.com

(ix) Location of the Plants:

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

* The Board at its meeting held on 17.09.2015, decided to close the operations of Weaving Division of Damanganga Fabrics, based at Daheli, Bhilad, Gujarat in view of its un-economic working.

DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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, 2015."

Place: Mumbai
Date: 24th April, 2015.

S.K.KHANDELIA
President & Chief Executive Officer

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 for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of 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 the 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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Place: Mumbai
Date: May 07, 2015.

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

B. K. SIPANI
Partner
Membership No.88926

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 ad 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://sutlejtextiles.com/pdf/policy/SUTLEJ-CSR-Policy-2014-Adopted-13.05.2014.pdf

2. The composition of the CSR Committee:

(i)	Shri C. S. Nopany	Chairman
(ii)	Shri Rajiv Podar	Member
(iii)	Dr. Mahmoodur Rahman	Member
(iv)	Shri Amit Dalal	Member

3. Average net profit of the company for the last three financial years: ₹10,733.07 Lakh

4. Prescribed CSR Expenditure [2 percent of the amount as in item 3 above): ₹214.66 Lakh

5. Details of CSR spend during the financial year.

   (a) Total amount to be spent for the financial year : ₹214.66 Lakhs

   (b) Total amount spent during the financial year : ₹54.64 Lakhs

   (c) Amount unspent, if any : ₹160.06 Lakhs

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

(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project programs wise (₹ in Lakhs)	Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. (2) Overheads: (₹ in Lakhs)	Cumulative expenditure upto the reporting period (₹ in Lakhs)	Amount spent: Direct or through implementing agency (₹ in Lakhs)
1.	Relief Material to flood affected people of Jammu & Kashmir	Disaster Relief	Jammu & Kashmir	100.00	54.14	54.14	Amount directly spent by the Company
2.	Creating voting awareness among local people during Lok Sabha elections	Promoting Education (including Special Education)	Bhawanimandi, Rajasthan	0.50	0.50	0.50	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 therof, the company shall provide the reasons for not spending the amount in its Board report.

   Reasons for amount unspent: Whilst Disaster Relief in J&K State is a continuing project, the Company intends to contribute to the Chief Minister's Relief Fund for further relief to flood affected persons of J&K. The Company will also participate in projects for promotion of sports, cultural and social activities, construction of roads and drains, etc. for the benefit of the people at large in the areas of its activity.

   The Company is in the process of identifying suitable projects for its future CSR spend.

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

Sd/-	Sd/-
Chairman	President & CEO
CSR Committee	

CHIEF MINISTER
Jammu & Kashmir

No:-HCM/PS/2014-Misc
Dated:-22-10-2014

Dear Janab Khandelia Sahib,

This is in response to your letter, dated 21-10-2014 and to appreciate that the Chenab Textile Mills had sent huge consignments of medicines and relief material to Srinagar, Reasi, Poonch, Rajouri and Kathua. The flood has caused immense harm to our economy and livelihood. In the aftermath of the devastation my Government is doing its best to provide solace to the affected people in the form of immediate relief measures.

The tireless efforts of organizations like yours, at this hour of the crisis, have had a great impact and have helped us to a large extent.

I write this to express my heartfelt gratitude to you and your organization for taking up the noble cause and for assisting the Government in its efforts.

With regards

Yours sincerely,

Abdullah

(Omar Abdullah)

Mr. S.K. Khandelia,
President,
Chenab Textile Mills,
Kathua

Annexure-V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[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 :- PUBLIC LISTED COMPANY/ LIMITED BY SHARES

v) Address of the Registered office and contact details:- PACHPAHAR ROAD, BHAWANIMANDI, RAJASTHAN - 326 502; Tel: 07433-222082, 222052

vi) Whether listed company Yes / No :- YES

vii) Name, Address and Contact details of Registrar and Transfer Agent:-
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 400072
Tel. 022-67720300/400; Fax: 022-28591568

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	35.79%
2	Preparation and spinning of textile fibres - Preparation and spinning of man-made fiber including blended man-made fiber	13114	57.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Not applicable				

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	10456851	0	10456851	63.83	10456851	0	10456851	63.83	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	10456851	0	10456851	63.83	10456851	0	10456851	63.83	0.00
(2) Foreign									
g) NRIs - Individuals	-	-	-	-	-	-	-	-	-
h) Other – Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
g) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	10456851	0	10456851	63.83	10456851	0	10456851	63.83	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	4030	0	4030	0.02	5901	0	5901	0.03	0.01
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4030	0	4030	0.02	5901	0	5901	0.03	0.01
2. Non-Institutions									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Bodies Corp.									
i) Indian	2895759	179673	3075432	18.77	2965317	179673	3144990	19.2	0.42
ii) Overseas	-	-	-	-	-	-	-	-	-
b)Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1399373	273192	1672565	10.21	1449544	273975	1723519	10.52	0.31
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1131911	11175	1143086	6.98	1013551	0	1013551	6.19	-0.79
c) Others (specify) - NRI	22301	8597	30898	0.19	29453	8597	38050	0.23	0.04
Sub-total (B)(2):-	5449344	472637	5921981	36.15	5457865	462245	5920110	36.14	-0.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5453374	472637	5926011	36.17	5463766	462245	5926011	36.17	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	159102265	472637	16382862	100	15920617	462245	16382862	100	-

(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	96.16	3041697	18.57	41.92	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
8	SCM Investment & Trading Co Ltd	182928	1.11	0.00	182928	1.11	0.00	0.00

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	
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	Uttam Commercial Ltd	900	0.01	0.00	900	0.01	0.00	0.00
	Total	10456851	63.83	27.97	10456851	63.83	12.19	0.00

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

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No Change during the year		No change during the year	
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change during the year		No change during the year	
3	At the End of the year	No Change during the year		No change during the year	

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

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		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)PRIVATE 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.	PILANI INVESTMENT & INDUSTRIES CORP. LTD	171463	1.05	171463	1.05
6.	PLAY-FAIR CAPITAL AND INVESTMENT (P) LTD	-	-	164358	1.00
7.	MOHAN GUPTA	223000	1.36	105000	0.64
8.	SACHDEVA STOCKS PRIVATE LIMITED	94198	0.57	88000	0.54

Sl 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
9.	SANJEEV VINODCHANDRA PAREKH	77103	0.47	77103	0.47
10.	PATEL ASHOKBHAI DINUBHAI	60060	0.37	-	-
11.	PRANAV KUMARPAL PAREKH	-	-	59349	0.36

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	Nil		Nil	
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil		Nil	
3	At the End of the year	Nil		Nil	

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	6,04,73,93,466	-	25,53,10,000	6,30,27,03,466
ii) Interest due but not paid	4,38,66,186	-	-	4,38,66,186
iii) Interest accrued but not due	-	-	1,60,63,875	1,60,63,875
Total (i+ii+iii)	6,09,12,59,652	-	27,13,73,875	6,36,26,33,527
Change in Indebtedness during the financial year	-	-	-	-
Addition	1665741596	-	-	1665741596
Reduction	(1735711495)	-	(27,13,73,875)	(2007085370)
Net Change	(6,99,69,899)	-	(27,13,73,875)	(34,13,43,774)
Indebtedness at the end of the financial year				
i) Principal Amount	5,97,64,60,547	-	-	5,97,64,60,547
ii) Interest due but not paid	4,48,29,206	-	-	4,48,29,206
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	6,02,12,89,753	-	-	6,02,12,89,753

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	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	 54,64,800 10,80,796 -	 54,64,800 10,80,796 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify…	-	-
5.	Others, please specify	-	-
	Total (A)	65,45,596	65,45,596
	Ceiling as per the Act	5% of the net profits of the Company	

B. Remuneration to other directors:

Sl. no	Particulars of Remuneration	Name of Non-Executive Independent Directors					Total Amount (₹)
		Shri U.K.Khaitan	Shri Rajan Dalal	Shri Amit Dalal	Shri Rajiv Podar	Shri M.H.Rahman	
1	Independent Directors						
	(i) Fee for attending board / committee meetings	80,000	2,60,000	2,30,000	2,20,000	2,10,000	10,00,000
	(iii) Commission	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000	10,00,000
	(iii) Others, please specify	-	-	-	-	-	-
	Total (1)	2,80,000	4,60,000	4,30,000	4,20,000	4,10,000	20,00,000

Sl. no	Particulars of Remuneration	Name of Non-Executive Directors		Total Amount (₹)
		Shri C.S.Nopany	Shri Sukhvir Singh	
2	Other Non-Executive Directors			
	(i) Fee for attending board / committee meetings	1,00,000	30,000	1,30,000
	(ii) Commission	75,00,000	2,00,000	77,00,000
	(iii) Others, please specify	-	-	-
	Total (2)	76,00,000	2,30,000	78,30,000
	Total (B)=(1+2)			98,30,000
	Overall ceiling as per the Act	11% of the net profits of the Company		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹)
		Shri Suresh Kumar Khandelia, CEO / Group President	Shri Deelip R.Prabhu, Company Secretary	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	2,82,44,500 17,17,165 -	14,78,400 1,87,298 -	2,97,22,900 19,04,463 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	2,99,61,665	16,65,698	3,16,27,363

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2014-15, there were no penalties/punishment/ compounding of offences under Companies Act, 2013.

ANNEXURE- VI TO THE DIRECTORS' REPORT - PARTICULARS OF EMPLOYEES

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under :

Sl. No.	Name of Director / KMP	Remuneration of Director/ KMP for FY 2014-15 (₹ 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	75,00,000.00	Non-Executive Chairman	0	70.01	Profit before Tax decreased by13.69% and Profit After Tax decreased by 12.12% in financial year 2014-15.
2.	Mr. U. K. Khaitan	2,00,000.00	Non-Executive Independent Director	0	1.87	
3.	Mr. Amit Dalal	2,00,000.00	Non-Executive Independent Director	0	1.87	
4.	Mr. Rajan Dalal	2,00,000.00	Non-Executive Independent Director	0	1.87	
5.	Mr. Rajiv K.Podar	2,00,000.00	Non-Executive Independent Director	0	1.87	
6.	Mr M.H. Rahman	2,00,000.00	Non-Executive Independent Director	0	1.87	
7.	Mr. Sukhvir Singh*	2,00,000.00	Non-Executive Independent Director	N.A.*	1.87	
8.	Mr. S. K. Khandelia	2,99,61,665.00	President & Chief Executive Officer (KMP)	15.70	N.A.	
9.	Mr. Dilip Ghorawat*	65,45,596.00	Whole-time Director & Chief Financial Officer (Director & KMP)	N.A.*	61.10	
10.	Mr. D. R. Prabhu	16,65,698.00	Company Secretary & Compliance Officer (KMP)	15.33	N.A.	

*Were appointed to the Board for part of 2013-14 and hence relevant data could not be provided

2. The median remuneration of employees of the Company during the financial year was ₹107125/-
3. In the financial year, there was an increase of 8.12% in the median remuneration of employees;
4. There were 11832 permanent employees on the rolls of Company as on March 31, 2015;
5. Relationship between average increase in remuneration and company performance:-

   The Profit before Tax for the financial year ended March 31, 2015 decreased by 13.69% whereas the increase in median remuneration was 8.12%. The average increase in median remuneration was in line with the performance of the Company.
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 20.62% from ₹3.16 crore in 2013-14 to ₹3.82 crore in 2014-15 whereas the Profit before Tax decreased by 13.69% to ₹23.50 crore in 2014-15 (Increased ₹78.94 crore in 2013-14).
7. a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2015 was ₹510.98 crore (₹360.42 crore as on March 31, 2014)

b) Price Earnings ratio of the Company was 4.43 as at March 31, 2015 and was 2.74 as at March 31, 2014

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. On the Date of listing (14/12/2006) the Company's equity shares were quoted at ₹161.16/- as against ₹361.40/- on 07/05/2015. The percentage increase in the Market Value of equity shares since the date of its Listing till the date of report is 124.25%.

8. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 11.21% whereas the increase in the managerial remuneration for the same financial year was 20.62%.

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 3.99 and

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

Notes: 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	2,99,61,665	B.Com., FCA, 39 years.	Regular	Overall management	July 01, 2005	64	Sutlej Industries Ltd.
Mr. Dilip Ghorawat Whole-time Director & Chief Financial Officer	65,45,596	B.Com., FCA, 21 years.	Regular	Financial management	September 16, 2013	50	Sujana Metal Products Ltd.

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

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: NIL

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2015

[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, 2015, 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, 2015, 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;

(d) 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.

(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:

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

(ii) The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited;

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. *No women director was appointed during the year 01.04.2014 to 31.03.2015*
2. *Company has not made expenses up to limit prescribed under CSR activity.*

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. *However company has not appointed any women director during the period. Further as informed by the management, they taken step to appoint women director in forthcoming Board Meeting.*
- 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 no prosecution initiated and no fines or penalties were imposed 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, its Directors and Officers.
- 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 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:

(i) Major decisions taken by the members in pursuance to section 180 (1) (a) and (c) of the Companies Act, 2013

I further report during the audit period, there were no instances of:

(i) Public / Right / Preferential issue of shares / debentures / sweat equity or any other securities.

(ii) Redemption / buy-back of securities.

(iii) Merger / amalgamation / reconstruction etc.

(iv) Foreign technical collaborations.

Place : Mumbai
Date : 05.05.2015

Signature:
R. CHOUHAN & ASSOCIATES
RAJENDRA CHOUHAN - *Propreitor*
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, 2015, 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, Chairman of the Company is a Director in Chambal Fertilisers and Chemicals Ltd. and hold more than 2% of its share capital alongwith his relatives.)
2.	Nature of contracts/arrangements/ transaction	Acquisition of Birla Textile Mills (a Texitle Division of Chambal Fertilisers and Chemicals Ltd.) on a going concern and on slump sale basis.
3.	Duration of the contracts/arrangements/ transaction	On a going concern
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. works out to ₹232.63 Crore (including net current assets) subject to closing and other adjustments, if any.
5.	Date of approval by the Board	14th March, 2015
6.	Amount paid as advances, if any	₹5,00,00,000/- (Rupees Five Crores Only) Advances paid shall be adjusted against purchase consideration on due date.

For and on behalf of the Board

Place : Mumbai
Date : 07.05.2015

(C.S. Nopany)
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, 2015, 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.

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.

Auditor's 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statement of Kathua unit included in the financial statements of the Company whose financial statements reflect total assets of ₹78884.55 lakhs as at 31st March, 2015 and total revenues of ₹120727.91 lakhs for the year ended on that date, as considered in the financial statements. The financial statement of the branch has 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 branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on the other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (`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 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 as per report submitted by the branch auditor.
   c. The report on the accounts of the Kathua unit of the Company audited under Section 143 (8) of the Act by

branch auditor has 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 unit 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act

g. 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 19A (1) and (2) to the financial statements

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There 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 Reg. No.302049E

B.K. Sipani
Partner
Membership No. 88926

Place: Mumbai
Date: 7th May, 2015

Annexure referred to in paragraph I 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 of the Company's units at Bhawanimandi has been physically verified by the management during the year and in respect of Kathua and Bhilad units, all fixed assets have not been physically verified by the management during the year but there is a regular programme of verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(ii) a. As explained to us inventories (except stock lying with third parties and in-transit) were physically verified during the year by the management at reasonable intervals.

b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company has granted loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013 and receipt of the principal amount and interest are regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) The company has not received any deposit during the year. In case of deposit received in earlier years and were outstanding as on 31st March, 2014, the company has complied with the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under to the extent applicable, with regard to the deposits accepted from the public. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court, or any other Tribunal.

(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, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it 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, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, other than the followings:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Forum where dispute is pending	Related period
The Central Excise Act, 1944	Disallowances & Penalty on Cenvat on Service Tax	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.,02
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
Gujarat Tax on Entry of Specified Goods into Local Areas Act, 2001	Entry Tax, Penalty and Interest thereon	1129.79	Commercial Tax Officer, Vapi	Apr, 06 to Mar, 15
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax and Interest	40.53	Supreme Court, Delhi	Apr, 06 to Mar, 15

c. The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act ,1956 (1 of 1956) and rules made there under have been transferred to such funds within time.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.

(ix) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks. The company has no outstanding debentures.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) According to the information and explanations given to us, term loans obtained were applied for the purpose for which loans were obtained.

(xii) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

B.K. Sipani
Partner
Membership No. 88926

Place: Mumbai
Date: 7th May, 2015

sutlej
textiles and industries limited

Balance Sheet as at 31st March, 2015

(₹ in lakhs)

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds :			
Share Capital	1	1638.29	1638.29
Reserves and Surplus	2	54184.65	44610.56
		55822.94	**46248.85**
Deferred Government Subsidies	3	**176.56**	**171.97**
Non-Current Liabilities:			
Long-term Borrowings	4	33918.24	26667.09
Deferred Tax Liabilities (Net)	5	4582.25	4158.46
Other Long-term Liabilities	6	434.56	388.64
Long-term Provisions	7	491.25	420.50
		39426.30	**31634.69**
Current Liabilities :			
Short-term Borrowings	8	18169.33	24534.12
Trade Payables	9	4932.77	5337.07
Other Current Liabilities	10	12118.37	16451.14
Short-term Provisions	7	3435.70	2916.60
		38656.17	**49238.93**
TOTAL		134081.97	127294.44
ASSETS			
Non-Current Assets :			
Fixed Assets :			
Tangible Assets	11.1	64226.39	50650.71
Intangible Assets	11.2	57.34	56.64
		64283.73	50707.35
Capital Work-in-Progress		4431.87	5609.89
		68715.60	56317.24
Non-Current Investments	12	5000.06	5000.06
Long-term Loans and Advances	13	4112.29	4181.94
Trade Receivables	14	-	-
Other Non-Current Assets	15	-	-
		77827.95	**65499.24**
Current Assets :			
Current Investments	16	-	334.07
Inventories	17	32068.26	38360.39
Trade Receivables	14	13854.53	15425.57
Cash and Bank balances	18	328.34	389.74
Short-term Loans and Advances	13	3828.83	2822.61
Other Current Assets	15	6174.06	4462.82
		56254.02	**61795.20**
Net Assets of Okara Mills(Pakistan) (Refer Note No. 31.03)		-	-
TOTAL		134081.97	127294.44
Contingent Liabilities and Commitments	19		
Summary of significant accounting policies and other notes on accounts	31		

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 : Mumbai
Dated : 7th May, 2015

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

Dilip Kumar Ghorawat
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Rajiv K. Podar
Dr. M. H. Rahman
Sukhvir Singh
Directors

Statement of Profit and Loss for the year ended 31st March, 2015

(₹ in lakhs)

Particulars	Note No.	For the year ended 31st March, 2015	For the year ended 31st March, 2014
REVENUE:			
Revenue from Operations	20	187858.42	188390.37
Less: Excise Duty		36.83	328.06
Revenue from Operations(Net)		187821.59	188062.31
Other Income	21	3967.79	3904.23
Total Revenue		**191789.38**	**191966.54**
EXPENSES:			
Cost of Materials Consumed	22	102874.50	100283.41
Purchase of Traded Goods	23	11149.42	16039.60
Changes in Inventories of Finished Goods,	24	228.29	(1451.15)
Work-in-Progress and Traded Goods			
Employee Benefits Expense	25	17501.96	15801.33
Other Expenses	26	32855.36	30731.27
Total		**164609.53**	**161404.46**
Profit before finance costs, depreciation, impairment &		**27179.85**	**30562.08**
amortisation, exceptional item and tax			
Finance Costs	27	5298.64	5807.10
Depreciation, Impairment and Amortisation Expenses	28	6990.73	7518.62
Profit before exceptional item and tax		**14890.48**	**17236.36**
Exceptional Item	29	68.17	63.73
Profit before tax		**14822.31**	**17172.63**
Tax Expenses :			
Current Tax	30	2852.62	4347.32
Deferred Tax		423.79	(312.50)
Profit after tax		**11545.90**	**13137.81**
Basic & Diluted Earnings Per Equity Share (of ₹10 each) (₹)	31.10	70.48	80.19
Summary of significant accounting policies and other notes on accounts	31		

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 : Mumbai
Dated : 7th May, 2015

D. R. Prabhu
Secretary

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Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Rajiv K. Podar
Dr. M. H. Rahman
Sukhvir Singh
Directors

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 1: SHARE CAPITAL

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
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**

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, 2015	As at 31st March, 2014
Equity Shares outstanding at the beginning of the year	16382862	10921908
Add : Issue of Bonus Shares #	-	5460954
Equity Shares outstanding at the end of the year	16382862	16382862

Pursuant to the resolution passed by the Shareholders through Postal Ballot concluded on 17th June, 2013, the Company had allotted 54,60,954 Equity Shares of ₹10/- each as fully paid-up Bonus Shares in the Ratio of 1(one) Bonus Share for every 2 (two) existing Equity Share held by the Shareholders as on the Record Date i.e., 28th June, 2013 and date of allotment was 1st July, 2013.

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

S. No.	Name of shareholder	As at 31st March, 2015		As at 31st March, 2014	
		No. of Shares held	Percentage of holding	No. 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, 2015

Note 2: RESERVES AND SURPLUS

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(i) **Capital Reserve**		
Balance as per last financial statement	-	530.49
Less : Utilised during the year for issuing Bonus Shares	-	530.49
Closing Balance	-	-
(ii) **General Reserve**		
Balance as per last financial statement	12305.96	10921.57
Less : Utilised during the year for issuing Bonus Shares	-	15.61
Add: Additions during the year	1200.00	1400.00
Closing Balance	**13505.96**	**12305.96**
(iii) **Statement of Profit & Loss - Balance**		
Balance as per last financial statement	32304.60	22100.16
Add: Profit for the year	11545.90	13137.81
	43850.50	**35237.97**
Less: Allocation and appropriation :		
Proposed Dividend #	1638.29	1310.63
Corporate Dividend Tax	333.52	222.74
Transfer to General Reserve	1200.00	1400.00
Total	**3171.81**	**2933.37**
Closing Balance	**40678.69**	**32304.60**
Total Reserves and Surplus (i to iii)	**54184.65**	**44610.56**

The Board of Directors has recommended dividend of ₹10 per Equity Share (Previous year ₹8 per Equity Share) of ₹10 each for the year ended 31st March, 2015. 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, 2015		As at 31st March, 2014	
(i) **Capital Subsidy sanctioned by The Jammu & Kashmir State Government on specific Fixed Assets**				
As per last financial statements	20.72		27.79	
Less : Transferred to Statement of Profit & Loss	1.48	19.24	7.07	20.72
(ii) **Capital Subsidy sanctioned by Ministry of Textiles under TUFS on specific Fixed Assets**				
As per last financial statements	151.25		181.50	
Add: Sanctioned during the year	33.80		–	
	185.05		181.50	
Less : Transferred to Statement of Profit & Loss	27.73	157.32	30.25	151.25
		176.56		171.97

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 4: LONG-TERM BORROWINGS

(₹ in lakhs)

Particulars	Non-current		Current maturities	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
(i) Secured :				
Term loans from Banks (a)	33918.24	26667.09	7677.03	9272.73
Total (i)	**33918.24**	**26667.09**	**7677.03**	**9272.73**
(ii) Unsecured :				
Fixed Deposits (b)	-	-	-	2553.10
Total (ii)	-	-	-	**2553.10**
Total (i)+ (ii)	**33918.24**	**26667.09**	**7677.03**	**11825.83**
(iii) Amount disclosed under the head "Other current liabilities"			(7677.03)	(11825.83)
(Refer Note No. 10)				
Total (i)+ (ii)-(iii)	**33918.24**	**26667.09**	-	-

(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) 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 moveables including book debts for securing working capital borrowings.

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

- Current Year:

As at 31st March, 2015	Rate of Interest	Repayments	
(₹ in lakhs)		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			

- Previous year:

As at 31st March, 2014	Rate of Interest	Repayments	
(₹ in lakhs)		No. of Installments	Periodicity
12071.83	11.25% to 12.00% linked with Base Rate	8-26	Quarterly Equal
188.35	8.00% fixed	3	Quarterly Graded
14406.91	11.25% to 12.30% linked with Base Rate	1-27	Quarterly Graded
26667.09			

(b) Current maturities of fixed deposits includes amount accepted from related parties Nil (Previous year ₹1015.60 lakhs).

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 5: DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Deferred Tax Liability on account of:		
Depreciation	5654.05	5112.59
	5654.05	**5112.59**
Deferred Tax Assets on account of:		
(i) Accrued expenses deductible on payment basis	937.77	826.23
(ii) Others	134.03	127.90
	1071.80	**954.13**
Deferred Tax Liability/(Assets)(Net)	**4582.25**	**4158.46**

Note 6: OTHER LONG-TERM LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade Deposits	430.56	382.66
Employee Security Deposits	4.00	5.98
	434.56	**388.64**

Note 7: PROVISIONS

(₹ in lakhs)

Particulars	Long-term		Short-term	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Employee Benefits	491.25	420.50	201.78	131.54
Loss on Forward Contracts	-	-	93.43	0.19
Income Tax (Net)	-	-	224.28	338.43
Others - Contingencies #	-	-	944.40	913.07
Proposed Dividend	-	-	1,638.29	1310.63
Corporate Dividend Tax	-	-	333.52	222.74
	491.25	**420.50**	**3435.70**	**2916.60**

Disclosure of provisions and contingencies as per Accounting Standard-29

(₹ in lakhs)

Particulars	Disputed Statutory Matters	Other Obligation	Total
Opening Balance	913.07	-	913.07
	(728.96)	(-)	(728.96)
Addition	168.40	-	168.40
	(216.96)	(-)	(216.96)
Utilisation	-	-	-
	(-)	(-)	(-)
Reversal/ Paid	137.07	-	137.07
	(32.85)	(-)	(32.85)
Closing Balance	944.40	-	944.40
	(913.07)	(-)	(913.07)

(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, 2015

Note 8: SHORT-TERM BORROWINGS

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Secured :		
Loan repayable on demand		
Working Capital Facilities from banks are secured/to be secured by hypothecation of moveables including book debts, both present and future, of the unit, ranking pari-passu inter se.	18169.33	24534.12
	18169.33	**24534.12**

Note 9: TRADE PAYABLES *

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade payables (including acceptances)	4932.77	5337.07
	4932.77	**5337.07**

* 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 (generally less than 45 days) 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, 2015	As at 31st March, 2014
Current maturities of long-term debts (Refer Note No.4)	7677.03	9272.73
Current maturities of fixed deposits (Refer Note No.4)	-	2553.10
Interest accrued and due on borrowings	448.29	438.66
Interest accrued but not due on borrowings	-	160.64
Credit balance & advances received from customers	401.67	544.55
Advance against sale of fixed assets	200.00	-
Unpaid Dividend	65.63	49.03
Creditors for capital goods	223.15	535.04
Statutory dues	432.11	389.16
Employees liabilities	2182.06	2034.40
Security Deposits	72.12	46.66
Rebate and Claims	173.21	95.72
Director's Commission	78.30	79.26
Others	164.80	252.19
	12118.37	**16451.14**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 11.1 & 11.2: FIXED ASSETS

(₹ in lakhs)

Description	Gross Block				Depreciation/Impairment				Net Block	
	Cost/Book Value									
	As at 31.03.2014	Additions	Deductions	As at 31.03.2015	As at 31.03.2014	For the year ended 31.03.2015	Deductions	As at 31.03.2015	As at 31.03.2015	As at 31.03 2014
Note No. 11.1										
(A) Tangible Assets								#		
Land	963.39	-	-	963.39	52.11	4.98	-	57.09	906.30	911.28
Building	22252.81	5282.98	7.27	27528.52	4973.00	611.80	6.78	5578.02	21950.50	17279.81
Plant & Equipment	90252.43	15770.72	3374.02	102649.13	59079.14	5918.58	* 2662.45	62335.27	40313.86	31173.29
Vehicles	877.24	125.33	25.37	977.20	312.28	113.31	16.44	409.15	568.05	564.96
Furniture & Fixtures	1056.50	51.90	7.21	1101.19	696.99	152.13	5.93	843.19	258.00	359.51
Office Equipments	1035.05	48.58	10.79	1072.84	673.19	178.76	8.79	843.16	229.68	361.86
TOTAL (A)	**116437.42**	**21279.51**	**3424.66**	**134292.27**	**65786.71**	**6979.56**	**2700.39**	**70065.88**	**64226.39**	**50650.71**
Previous year	113675.23	4293.11	1530.92	116437.42	59711.12	7503.48	1427.89	65786.71	50650.71	–
Note No.11.2										
(B) Intangible Assets										
Software and Designing rights	37.73	11.87	-	49.60	35.94	1.02	-	36.96	12.64	1.79
Software IT (ERP)	556.01	-	-	556.01	501.16	10.15	-	511.31	44.70	54.85
TOTAL (B)	**593.74**	**11.87**	–	**605.61**	**537.10**	**11.17**	-	**548.27**	**57.34**	**56.64**
Previous year	594.02	–	0.28	593.74	522.23	15.14	0.27	537.10	56.64	–
(C) Capital Work-in- Progress									**4431.87**	**5609.89**
Total (C)	-	-	-	-	-	-	-	-	**4431.87**	**5609.89**
Total (A+B+C)	**117031.16**	**21291.38**	**3424.66**	**134897.88**	**66323.81**	**6990.73**	**2700.39**	**70614.15**	**68715.60**	**56317.24**

Notes :

1 Land includes Freehold Land of ₹511.11 lakhs (Previous year ₹511.11 lakhs) and Leasehold Land of ₹ 452.28 lakhs (Previous year ₹452.28 lakhs). In case of Kathua unit Leasehold Land for ₹ 306.37 lakhs (Previous year ₹306.37 lakhs) are pending for registration in the name of the unit.

2 Fixed assets includes share of the company in a Holiday Home at Haridwar jointly owned with other Bodies Corporates.

3 Vehicle includes car purchased under hire purchase scheme original Cost ₹ 46.91 lakhs (W.D.V. ₹ 41.88 lakhs) as on 31.03.2015 .

* Includes reversal of impairment of ₹676.23 lakhs on discard of Power Plant at Bhilad Unit.

Represents Amortisation of Lease Rent.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 11.1 & 11.2: FIXED ASSETS *(contd.)*

4 Capital work-in-progress includes pre-operative expenses amounting to ₹517.45 lakhs (Previous year ₹193.35 lakhs) incurred during construction period & trial run expenditure related to expansion project of 31104 spindles to manufacture cotton melange & cotton dyed yarn at - Chenab Textile Mills, Kathua (J&K) (Capitalised during the year) & Expansion of Home Textile Project at Bhilad (under Installation). Details of which are as under :-

(₹ in lakhs)

Particulars			As at 31st March, 2015	As at 31st March, 2014
Pre-operative expenses other than trial run				
Personnel Expenses:-				
Salaries & Wages			64.99	23.41
Contribution to Provident and Other Amenities			6.37	-
Operating and Other Expenses:-				
Store Consumption:-			25.24	-
Insurance			19.38	-
Bank Charges			40.79	8.94
Interest on Term Loans and Borrowing cost			320.02	151.58
Miscellaneous Expenses:-			20.02	9.42
Trial Run Expenses				
Raw material consumed			2125.71	-
Personnel Expenses:-				
Salaries & Wages			171.96	-
Contribution to Provident and Other Amenities			26.62	-
Operating and Other Expenses:-				
Stores and spare parts consumed			258.30	-
Power and fuel			226.44	-
Freight outwards			39.60	-
Selling commission and brokerage			31.45	-
(other than sole selling agents)				
Miscellaneous Expenses			10.50	-
Interest on Term Loans and Borrowing cost			462.13	-
			3849.52	**193.35**
Increase in Inventories :-				
Inventories as at October 31, 2014				
Work-in-progress	283.24			
Finished goods	570.18	853.42		-
Add: Sales during trial run				
Stock Transfer to Yarn Dyeing	403.66			
Yarn Sales (net of excise duty of Nil, previous year Nil)	1980.25			
Waste Sales (net of excise duty of Nil, previous year Nil)	94.74	2478.65	3332.07	-
			517.45	193.35
Less : Allocated to Fixed Assets during the Year			483.16	-
Balance carried forward pending for allocation			**34.29**	**193.35**

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 12: NON-CURRENT INVESTMENTS

(₹ in lakhs)

Particulars	Shares (Nos.)	Face Value Shares (₹)	As at 31st March, 2015	As at 31st March, 2014
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.,	50	100	0.05	0.05
Bhawanimandi				
(b) Investments in Government & Trust Securities :				
National Saving Certificates (VIII Issue)			0.01	0.01
(Lodged as Security Deposit)				
(c) Investment in Preference Shares :				
8.50% Cumulative Redeemable Preference	50000000	10	5000.00	5000.00
Shares fully paid-up in The Oudh Sugar Mills Ltd.				
Aggregate amount of Unquoted Investments			5000.06	5000.06

Note 13: LOANS AND ADVANCES

(₹ in lakhs)

Particulars	Long-term		Short-term	
(Unsecured, Considered Good unless otherwise stated)	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
(i) Capital Advances	1607.60	1876.03	-	-
(ii) Security Deposits	398.69	501.24	21.47	26.60
(iii) Balances with Excise and Custom Department				
Considered Good	-	-	2067.14	722.81
Considered Doubtful	-	-	108.11	108.11
	-	-	2175.25	830.92
Less: Provision for non-usable Cenvat credit	-	-	(108.11)	(108.11)
	-	-	2067.14	722.81
(iv) Advances Recoverable in Cash or in Kind				
Considered Good	-	-	1631.80	1948.41
Considered Doubtful	-	-	12.06	12.06
	-	-	1643.86	1960.47
Less: Provision for doubtful	-	-	(12.06)	(12.06)
	-	-	1631.80	1948.41
(v) Other Loans and Advances				
Income Tax Refund Receivable	-	-	1.80	4.64
MAT credit entitlement @	2098.64	1798.64	-	-
Prepaid Expenses	7.36	6.03	106.62	120.15
	2106.00	1804.67	108.42	124.79
TOTAL (i to v)	4112.29	4181.94	3828.83	2822.61

@ Represents that portion of MAT liability, which can be recovered and set off in subsequent years based on the 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 entitlement.

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 14: TRADE RECEIVABLES

(₹ in lakhs)

Particulars	Non-Current		Current	
(Unsecured, Considered Good unless otherwise stated)	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
(a) Outstanding for more than six months (from due date)				
Considered Good	-	-	260.07	88.84
Considered Doubtful	-	-	162.09	172.59
(b) Other receivables	-	-	13594.46	15336.73
	-	-	14016.62	15598.16
Less: Provision for Doubtful			(162.09)	(172.59)
	-	-	**13854.53**	**15425.57**

Note 15: OTHER ASSETS

(₹ in lakhs)

Particulars	Non-Current		Current	
(Unsecured, Considered Good unless otherwise stated)	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
(i) Export Benefits/ Claims Receivable				
Considered Good (Refer Note No.31.05) #	-	-	3364.32	2210.34
Considered Doubtful	-	-	41.18	41.18
			3405.50	2251.52
Less: Provision for Doubtful	-	-	(41.18)	(41.18)
	-	-	**3364.32**	**2210.34**
(ii) Others, Considered Doubtful	-	-	42.49	42.49
Less: Provision for Doubtful	-	-	(42.49)	(42.49)
	-	-	-	-
(iii) Government Subsidies Receivable				
Considered Good	-	-	2315.98	2184.70
	-	-	**2315.98**	**2184.70**
(iv) Fixed Assets held for sale			485.08	11.00
(At lower of net book value or net realisable value)				
(v) Interest accrued on Deposits	-	-	8.68	56.78
TOTAL (i to v)	-	-	**6174.06**	**4462.82**

Includes ₹108.33 lakhs (Previous year ₹108.33 lakhs) being not allowed by Excise Department for simultaneous claim for rebate of duty on input & finished goods. The Company has filed Appeals before the Hon'ble Supreme Court of India against order of the Hon'ble Rajasthan High Court, Jaipur Bench challenging both the issues (i.e. re-credit duty in cenvat account as well as simultaneous claim for rebate of duty on Inputs and finished goods). Pending disposal of appeals by the Supreme Court, above amount has been considered good by the Company

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 16: CURRENT INVESTMENTS

(₹ in lakhs)

	Units (Nos.)	Face Value Units (₹)	As at 31st March, 2015	As at 31st March, 2014
Unquoted (Fully paid-up) (Non-Trade)				
Investments in Mutual funds (at cost or fair value whichever is lower)				
UTI-Fixed Term Income Fund series XV-II Growth Plan	-	10	-	289.00
	(2890000)			
UTI-Fixed Term Income Fund series XV-III Growth Plan	-	10	-	45.07
	(450691.41)			
Earmarked in compliance with the provisions of Companies (Acceptance of Deposits) Rules, 1975				
Aggregate amount of Unquoted Investments			–	**334.07**

Note 17: INVENTORIES

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(Valued at lower of cost or net realisable value except waste at net realisable value)		
Raw Materials (includes own produced goods)	11279.73	18177.41
Work-in-Progress	6079.01	5493.72
Finished Goods	12438.86	12337.67
Traded Goods	11.43	154.58
Stores and Spare-parts,etc.	2037.88	2057.46
Waste	221.35	139.55
Total	**32068.26**	**38360.39**
Goods in transit included in above inventories are as under :		
Raw Materials	769.88	1579.02
Stores and Spare-parts,etc	74.02	57.09

Including trial run inventories (Refer Note No.11).

Note 18: CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(a) Cash and cash equivalents:		
Cash Balance on hand	39.51	29.15
Balance with banks in:		
Current Accounts	181.22	276.88
Cash Credit Accounts(debit balance)	2.01	0.39

Notes annexed to and forming part of Balance Sheet as at 31st March, 2015

Note 18: CASH AND BANK BALANCES *(contd.)*

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(b) Earmarked balances with banks:		
Unpaid Dividend Account	65.63	49.03
Fixed Deposit Accounts (lodged as Security Deposit}	17.09	13.41
Employees Security Deposit Accounts	22.86	20.86
Deposit in Post Office Saving Bank Accounts (lodged as Security Deposit)	0.02	0.02
	328.34	389.74

Note 19: CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
A. Contingent Liabilities (Not provided for) in respect of:		
1 Claim against the Company not acknowledged as debts:		
a) Labour Matters, except for which the liability is unascertainable	69.31	69.45
2 Other matters for which the Company is contingently liable:		
a) Demand raised by Excise Department for various matters	216.08	220.95
b) Demand for Service Tax	23.91	23.91
c) Demand for Entry Tax (penalty & interest on penalty)	555.50	483.05
(Net of ₹582.59 lakhs provided in accounts/ paid)		
The Company has a strong chance of success in the above cases, therefore no provision is considered necessary.		
3 Bills Discounted with Bankers	3831.08	4683.58
(Since Realised upto 30.04.2015 ₹1530.62 lakhs, Previous year ₹1907.33 lakhs)		
4 The Company has discharged its export obligation under EPCG Scheme for procurement of certain capital goods at concessional rate of duty. Therefore, the Company is not liable to pay any differential custom duty (Previous year ₹354.50 lakhs).		
B. Commitments :		
a) Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] and not provided for	4360.43	9463.00
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 failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.		
c) The Board of Directors at their meeting held on 14th March 2015, has approved the purchase of Birla Textile Mills (BTM) a unit of Chambal Fertilisers and Chemicals Limited as a going concern on 'slump sale' basis effective from 1st April 2015, subject to necessary approvals. BTM is located at Baddi (Himachal Pradesh) and is having 83,376 Spindles and manufactures Cotton, Synthetic and Blended Yarn in Grey and Dyed forms.		

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 20: REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
(i) Sale of Manufactured goods :		
Cotton Yarn	59139.14	51295.45
Man Made Fibres Yarn	99474.28	103547.05
Fabrics	2937.98	5450.69
Home Furnishing Fabrics	4506.83	3659.85
Waste	2167.36	2517.96
Dyed Man Made Fibre	120.02	-
Total (i)	**168345.61**	**166471.00**
(ii) Sale of Traded goods:		
Cotton Yarn	6121.41	6590.67
Man Made Fibres Yarn	5378.15	9940.30
Fabrics	348.12	409.35
Home Furnishing Fabrics	37.07	41.34
Total (ii)	**11884.75**	**16981.66**
(iii) Sale of services :		
Job Processing	1986.90	1639.15
Others	136.28	77.69
Total (iii)	**2123.18**	**1716.84**
Aggregate sale of goods and services (i to iii) @	**182353.54**	**185169.50**
(iv) Other Operating Revenue :		
Export incentives	4573.89	3220.87
Insurance claim (finished goods) (Refer Note No.31.05)	930.99	-
Total (iv)	**5504.88**	**3220.87**
Revenue from Operations (Gross) (i to iv)	**187858.42**	**188390.37**
Less: Excise Duty	36.83	328.06
Revenue from Operations (Net)	**187821.59**	**188062.31**

@ Sales includes Export Sales of ₹44969.68 lakhs (Previous year ₹44525.13 lakhs).

Note 21: OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Dividend from Non-current Investment (Non-Trade)	0.02	0.01
Profit on sale of Current Investment	27.97	32.56
Interest from Bank Deposits	2.87	2.18
Interest from Inter-Corporate Deposits	596.97	960.19
Interest from others #	1523.45	1860.33
Profit on sale/discard of Fixed Assets (Net)	23.04	13.71

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 21: OTHER INCOME *(contd.)*

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Miscellaneous Income @	446.98	456.22
Excess provisions and unspent liabilities written back	166.64	258.12
Income relating to previous year (Net)	-	16.15
Net Gain on Foreign Currency transactions and translation ##	865.94	-
(Including Gain on Cancellation of Forward Contracts of ₹34.32 lakhs)		
Provision for Doubtful Debts/ Subsidy written back	10.50	52.93
Sundry credit balances written back (Net)	191.75	85.51
Insurance Claims	82.45	128.74
Deferred Government Subsidies	29.21	37.32
Bad Debts Recovered	-	0.26
	3967.79	**3904.23**

Includes ₹74.28 lakhs (Previous Year ₹88.33 lakhs) on account of Interest subsidy under Rajasthan Investment Promotion Scheme (RIPS) and ₹461.47 lakhs (Previous Year ₹604.14 lakhs) being 3% Central interest subsidy received on working capital loans.

@ Includes ₹51.94 lakhs (Previous Year ₹110.92 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 ₹93.43 lakhs is netted herein. (Previous year ₹0.19 lakh included in Net loss on Foreign Currency transactions and translation under Note No. 26-Other Expenses).

Note 22: COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Cotton #	25719.13	24803.35
Man Made Fibres	64788.18	64321.61
Yarn	4477.79	5129.56
Dyes & Chemicals	7889.40	6028.89
	102874.50	**100283.41**

Including ₹ 403.66 lakhs transferred from trial run production

Note 23: PURCHASE OF TRADED GOODS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Cotton Yarn	5738.64	6075.67
Man Made Fibres Yarn	5074.33	9542.80
Fabrics	302.75	383.55
Home Furnishing Fabrics	33.70	37.58
	11149.42	**16039.60**

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 24: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
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**
Inventories as at 31st March, 2014		
Work-in-Progress (a)	5493.72	4990.04
Finished Goods (b)	12337.67	11305.44
Traded Goods (c)	154.58	154.55
Waste	139.55	224.34
	18125.52	**16674.37**
Add: Inventories transferred from trial run production on 31st October, 2014 :		
- Work-in-progress	283.24	-
- Finished goods	570.18	-
	853.42	**–**
	228.29	**(1451.15)**
Details of Inventories are given below:		
(a) Work-in-Progress :		
Cotton Yarn	2063.43	1691.85
Man Made Fibres Yarn	3568.10	2842.39
Yarn	35.44	155.41
Fabrics	48.26	624.46
Job work	363.78	179.61
	6079.01	**5493.72**
(b) Finished Goods :		
Cotton Yarn	2418.67	2359.96
Man Made Fibres Yarn	8697.70	7644.24
Fabrics	102.10	1107.87
Home Furnishing Fabrics	1220.39	1225.60
	12438.86	**12337.67**
(c) Traded Goods :		
Cotton Yarn	-	43.68
Man Made Fibres Yarn	11.43	90.50
Fabrics	-	20.40
	11.43	**154.58**

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 25: EMPLOYEE BENEFITS EXPENSE @

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Salaries, wages and bonus	15191.68	13663.94
Contribution to provident and other funds	1918.11	1796.03
Employee welfare expenses	392.17	341.36
	17501.96	**15801.33**

@ Net of amount capitalised refer Note No. 11.

Note 26: OTHER EXPENSES @

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Processing and Job Charges	652.97	660.45
Consumption of Stores & Spares	2967.11	2973.78
Consumption of Packing Materials	2718.42	2410.23
Power, Fuel and Water Charges	14479.34	13527.16
Rent	163.47	175.68
Insurance(Net)	309.89	233.53
Rates and Taxes ⊠	33.55	41.99
Repairs and Maintenance:		
Buildings	716.77	386.34
Machinery	1797.45	1820.71
Others	123.32	122.12
Freight & Forwarding Expenses, etc .	3966.71	3560.41
[Net of recovery of ₹361.83 lakhs (Previous year ₹439.95 lakhs)]		
Selling Commission & Brokerage	1551.07	1606.39
Rebates, Compensation and Cash Discounts	1115.65	891.16
Miscellaneous Expenses $	1902.49	1792.00
Auditors Remuneration #	51.13	45.94
Expenses relating to previous year (Net)	24.96	–
Charity and Donation	170.61	120.94
Net loss on Foreign Currency transactions and translation	-	197.54
(other than considered as finance costs)		
{Previous year net of gain on Cancellation of Forward Contract of ₹18.67 lakhs}		
Bad Debts/ Subsidy		146.44
Less: Provision for Bad Debts/ Subsidy	-	(145.75) 0.69
Provision for Doubtful Debts	-	55.37
Directors' Commission & Fees	110.45	108.84
	32855.36	**30731.27**

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 26: OTHER EXPENSES *(contd.)*

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
@ Net of amount capitalised refer Note No. 11.		
⊠ Includes Wealth Tax ₹6.80 lakhs (Previous year ₹6.62 lakhs) and Sales tax ₹0.42 lakhs (Previous year ₹1.43 lakhs).		
$ Amount is net of credit of ₹308.37 lakhs (Previous year ₹246.00 lakhs) for Sharing Common Expenses with a body corporate and includes Corporate social responsibility expenses of ₹54.64 lakhs (Previous year Nil).		
# Auditors Remuneration * :		
Statutory Auditor:		
As Auditors	15.17	13.94
For Tax Audit	3.43	3.11
For Limited Review	3.52	3.13
In other Capacity, for		
Certifications and other matters	2.64	1.82
Travelling and other out of pocket expenses	3.22	2.70
Branch Auditor:		
As Auditors	19.00	17.50
Travelling and other out of pocket expenses	2.40	2.00
Cost Auditor:		
As Auditors	1.44	1.40
Certification and Advices	0.09	0.09
Travelling and other out of pocket expenses	0.22	0.25
Total	**51.13**	**45.94**

* Including service tax wherever applicable.

Note 27: FINANCE COSTS @

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest Expenses #	5248.68	5790.94
Other Borrowing costs	46.75	16.16
Loss on Foreign Currency transactions and translation (considered as finance costs)	3.21	-
	5298.64	**5807.10**

@ Net of amount capitalised refer Note No. 11.

\# Net of interest subsidies under TUF (Technology Upgradation Fund) scheme amounting to ₹1570.37 lakhs (Previous year ₹1790.33 lakhs).

Notes annexed to and forming part of Statement of Profit and Loss for the year ended 31st March, 2015

Note 28: DEPRECIATION, IMPAIRMENT AND AMORTISATION EXPENSES#

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Depreciation of tangible assets (Refer Note No.11.1)	6979.56	6827.25
Amortisation of intangible assets (Refer Note No.11.2)	11.17	15.14
Impairment (Refer Note No.11) ⊠	-	676.23
	6990.73	**7518.62**

Consequent to the enactment of the Companies Act, 2013 (the Act) as amended and its applicability for accounting period commencing from 1st April, 2014, the Company has re-worked depreciation with reference to the economic useful life of its fixed assets as prescribed by Schedule II of the Act or re-assessed by the Company based on technical certificate and consequently there is no material impact in the depreciation for the year ended March 31, 2015.

⊠ In previous year, Power Plant of Daheli unit was impaired as a result of uneconomical operation. Accordingly impairment loss was accounted for based on estimated selling price.

Note 29: EXCEPTIONAL ITEM

(₹ in lakhs)

	Particulars	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
(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	133.96		-
(ii)	Gain on sale of Plant & Machinery pertaining to weaving unit		(65.79)		-
	(Part of fabric division) at Daheli (Refer Note No.31.06)				
(iii)	Loss on sale of fixed assets held for sale *			669.57	
	Less: Provision for loss on fixed assets held for sale			605.84	63.73
			68.17		**63.73**

* In financial year 2012-13, Garment Division of the Company was closed w.e.f. 31.01.2013 and provision for loss on fixed assets held for sale was considered as exceptional item. During the previous year additional loss incurred on disposal of those fixed assets, has been considered as exceptional item in line with earlier year presentation.

Note 30: CURRENT TAX

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Current Tax for the year	3155.00	3589.00
Add: MAT Credit Utilised	200.00	766.00
Less: MAT Credit Entitlement relating to earlier year	(500.00)	-
	2855.00	4355.00
Current Tax adjustments for earlier years (Net)	(2.38)	(7.68)
	2852.62	**4347.32**

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

Note 31: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON ACCOUNTS:

31.01 NATURE OF OPERATIONS

The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man made Fibres blended yarn & Cotton Yarn and Fabrics. It has two spinning units viz. Rajasthan Textile Mills, Bhawanimandi (Raj) & Chenab Textile Mills, Kathua (J & K), one weaving unit (upto 01.10.2014) & processing unit viz. Damanganga Fabrics, and one Home Textiles unit viz. Damanganga Home Textiles at Village Daheli, near Bhilad (Gujarat).

31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

((A) (i) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards 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 which are accounted for on receipt basis on account of uncertainties.

(ii) Change in Accounting policy

From the current year, the Company has decided to account for insurance claims, lodged with Insurance Company but not settled and having reasonable certainity to realise, on as and when claim lodged basis instead of on receipt basis followed in previous years.

(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.

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

31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

(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.

(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. 31.02 (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 for 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 weightage 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,

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

31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

which are recognised in Statement of Profit and Loss over the useful life of the respective assets.

(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 continues to be 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 by Schedule II of the Companies Act, 2013 or re-assessed by the Company as per technical certificate (given herein below). 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.

		Useful lives as per technical certificate
1	Non Factory Buildings	58 years
2	Plant & Machinery (Single Shift)	18 years & 4 months / 20 years

(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

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

31.02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

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.

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 Entitlement. 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.

31.03 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 ₹25.00 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.

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

31.05 During the first quarter of the financial year 2014-15, some stocks of finished goods in a godown were totally gutted by fire. In a separate incident, there was damage to some factory buildings & machinery and stocks due to a severe hailstorm. The Company has already filed claims for the above damages with the Insurance Companies and the Surveyors have also filed their reports with the respective Insurance Companies. To reflect true and fair results for the year ended, the Company had accounted for insurance claims of ₹1333.63 lakhs towards cost of finished goods damaged by fire and expenses incurred for replacement of the damaged assets, instead of accounting on receipt basis as per earlier policy. The Management is hopeful of recovery of the entire insurance claim. If earlier accounting policy would have been followed, other operating income would have decreased by ₹ 930.99 lakhs, other expenses would have increased by ₹ 402.64 lakhs and Income Tax & Profit after Tax for the year would have been reduced by ₹ 453.30 lakhs & ₹ 880.33 lakhs respectively

31.06 The Company has closed its weaving unit (Part of fabric division) w.e.f. 01.10.2014 situated at Daheli as per decision taken by its Board of Directors in their meeting held on 17.09.2014. As it is not a major line of business hence no separate disclosure for discontinuing operation has made in the financial statement.

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

Note 31.07: DISCLOSURE AS PER ACCOUNTING STANDARD - 15 (EMPLOYEE BENEFITS)

(₹ in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
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	1162.31	1056.30
Contribution to superannuation fund	27.95	24.15
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	2521.32	2196.70
Past & current service cost	304.91	260.05
Interest cost	214.31	175.74
Contribution by planned participants actuarial (gain)/loss	98.37	108.98
Benefits paid	(281.76)	(220.15)
Closing DBO	2857.15	2521.32
(b) A reconciliation of opening and closing balances of the fair value of plan assets:		
Opening fair value of plan assets	2521.32	2196.70
Expected return	259.14	151.10
Actuarial gain/(loss)	44.66	23.00
Contribution by the employer	313.79	370.67
Benefits paid	(281.76)	(220.15)
Closing fair value of plan assets	2857.15	2521.32
(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	2857.15	2521.32
Fair value of the plan assets at the end of the year	2857.15	2521.32
Liability recognized in the balance sheet	-	-
(d) The total expense recognised in the Statement of Profit and Loss:		
Past & Current service cost	304.91	260.05
Interest cost	214.31	175.74
Expected return on plan assets	(259.14)	(151.10)
Actuarial (gains)/loss	53.71	85.98
Net gratuity cost [Including Capitalised ₹2.29 lakhs (Previous year Nil)]	313.79	370.67

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

Note 31.07: DISCLOSURE AS PER ACCOUNTING STANDARD - 15 (EMPLOYEE BENEFITS) *(contd.)*

(₹ in lakhs)

Particulars		As at 31st March, 2015	As at 31st March, 2014
(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	40	36
	Corporation Bonds /Fixed Deposit with Banks	18	20
	Special Deposit Scheme with Bank	13	16
	HDFC GROUP unit linked plan - Option B	25	25
	Other investments- UTI master shares	4	3
(f)	Actual return on plan assets	12.05%	7.92%
(g)	Following are the principal actuarial assumptions used as at the balance sheet date:		
	Discount rate	8.00%	8.50%
	Expected rates of return on any plan assets	12.05%	7.92%
	Average salary escalation rate	6.00%	6.00%
	Average remaining working life of the employees(years)	23.34	23.54
	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				
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined benefit obligation	2857.15	2521.32	2196.70	1901.80	1739.21
Plan assets	2543.36	2150.65	1907.83	1740.84	1383.94
(Surplus) / deficit	313.79	370.67	288.87	160.96	355.27
Experience adjustment on plan assets- gain/(loss)	133.47	7.54	40.24	3.04	(54.81)
Experience adjustment on plan liabilities- gain/(loss)	31.68	(107.42)	(71.04)	43.36	34.58

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

Note 31.08: SEGMENT REPORTING

The following tables present the revenue, profit, assets and liabilities information relating to the Business/Geographical segment for the year ended 31.03.2015.

Information about Business Segment - Primary

(₹ in lakhs)

Reportable Segments	Yarn		Fabrics		Total	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Revenue						
Revenue from operations	177734.90	176474.47	10086.69	11587.84	187821.59	188062.31
Inter Segment Revenue	679.42	2439.08			679.42	2439.08
Total revenue from operations	**178414.32**	**178913.55**	**10086.69**	**11587.84**	**188501.01**	**190501.39**
Result						
Segment result	19295.03	21747.37	(775.56)	(1111.70)	18519.47	20635.67
Finance costs					5298.64	5807.10
Exceptional items					68.17	63.73
Unallocated corporate income (Net of expenses)#					1669.65	2407.79
Profit before tax					**14822.31**	**17172.63**
Less:Provision for taxation-Current tax					2852.62	4347.32
- Deferred tax					423.79	(312.50)
Profit after Tax					**11545.90**	**13137.81**
Other Information						
Segment assets	115923.94	106606.62	10244.46	13205.27	126168.40	119811.89
Unallocated corporate assets					7913.57	7482.55
Total Assets					**134081.97**	**127294.44**
Segment liabilities	9122.83	9254.30	1782.76	1809.05	10905.59	11063.35
Unallocated corporate liabilities					6963.98	6183.93
Borrowing including interest thereon					60212.90	63626.34
Total Liabilities					**78082.47**	**80873.62**
Capital expenditure	19166.89	10599.66	678.04	293.53	19844.93	10893.19
Depreciation	6212.90	6056.36	777.83	786.03	6990.73	6842.39
Impairment			-	676.23	-	676.23
Non-cash expenditure other than					133.96	55.37
Depreciation & amortisation						

Secondary Segment - Geographical by location of customers

(₹ in lakhs)

Reportable Segments	Domestic		Export		Total	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Revenue from operations	138957.44	142755.39	49543.57	47746.00	188501.01	190501.39

\# 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 31.08: 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 woven of Worsted/ Synthetic Staple Yarn, Fabric Processing and Home Furnishings.

(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 ₹3671.99 lakhs (Previous year ₹3963.06 lakhs).

Note 31.09: RELATED PARTY DISCLOSURE

(a)	Key Management Personnel and their relatives	**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) (w.e.f. 28.01.2014)** **Shri C. Singhania (Wholetime Director & CFO) (upto 20.07.2013)**

(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, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
1. **Fixed deposits received**				
Shri S.K. Khandelia	-	40.40		
Smt. Manju Khandelia			-	300.10
Shri Anurag Khandelia			-	17.60
2. **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	111.30
3 **Interest on fixed deposits (includes in Finance costs)**				
Shri S.K. Khandelia	-	20.17		
Smt. Indra Devi Khandelia			-	7.97
Smt. Manju Khandelia			-	50.28
Shri Anurag Khandelia			-	31.58
4 **Remuneration: (includes in Employee Benefits Expense) $**				
Shri S.K. Khandelia	299.62	258.96	-	-
Shri Dilip Kumar Ghorawat	65.46	10.15	-	-
Shri C. Singhania	-	11.36	-	-

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

Note 31.09: RELATED PARTY DISCLOSURE *(contd.)*

(b) Transactions with Related Parties during the year: *(contd.)* (₹ in lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
5 Balance outstanding as at the year end:				
Fixed deposits payable:				
Shri S.K. Khandelia	-	185.10		
Smt. Indra Devi Khandelia			-	71.50
Smt. Manju Khandelia			-	534.00
Shri Anurag Khandelia			-	225.00

$ 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.

Note 31.10: 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, 2015	For the year ended 31st March, 2014
Profit/(Loss) attributable to the Equity Shareholders (A) (₹ In lakhs)	11545.90	13137.81
Number of Equity Shares (B)	16382862	16382862
Nominal value of Equity Shares (₹)	10	10
Basic and Diluted Earnings per Share (₹)-A/B	70.48	80.19

Note 31.11:

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

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Currency	Buy		Sell	
USD	63.08	32.34	97.68	163.00
EURO	12.49	14.10	9.45	2.88
GBP	-	0.13	0.28	0.31

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

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

Note 31.11: *(contd.)*

ii) Foreign currency exposure not hedged by a derivative instrument or otherwise:

(Figures in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Currency	Sundry creditors for goods, services and expenses		Other liabilities	
USD	3.33	5.40	2.53	-
INR	205.99	326.07	158.51	-
EURO	0.03	0.09	0.03	-
INR	1.89	7.63	1.88	-
JPY	-	1.74	-	-
INR	-	1.06	-	-
GBP	-	0.02	0.06	-
INR	-	2.05	5.09	-

(Figures in lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Currency	Advances to Creditors for goods,services and expenses		Trade receivable	
USD	0.27	0.05	2.01	8.14
INR	16.51	2.89	125.64	489.34
EURO	2.55	0.14	0.02	0.03
INR	179.18	11.47	1.37	2.08
CHF	0.09	0.11	-	-
INR	5.76	7.12	-	-
JPY	-	2.02	-	-
INR	-	1.19	-	-
GBP	-	-	0.19	0.07
INR	-	-	17.59	6.87

Note 31.12: VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED AND PERCENTAGE THEREOF

(Value ₹ in lakhs)

Particulars	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	Value	%	Value	%
Indigenous	101535.58	98.70	99919.07	99.64
Imported	1338.92	1.30	364.34	0.36
	102874.50	100.00	100283.41	100.00

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

Note 31.13: VALUE OF IMPORTED AND INDIGENOUS STORES, SPARE-PARTS CONSUMED AND PERCENTAGE THEREOF

(Value ₹ in lakhs)

Particulars	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	Value	%	Value	%
Indigenous	2670.89	90.02	2622.21	88.18
Imported	296.22	9.98	351.57	11.82
	2967.11	**100.00**	**2973.78**	**100.00**

Note: Excluding charged to Machinery Repairs & Capitalised.

Note 31.14: C.I.F.VALUE OF IMPORTS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Raw Materials	1877.58	279.08
Stores and Spare Parts	408.40	617.73
Capital Goods	2579.47	1396.92
(Taken on the basis of actual receipt in the Mills Premises irrespective of date of payment)		

Note 31.15: EARNING IN FOREIGN EXCHANGE

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Export on F.O.B. Basis	43611.06	42974.64

Note 31.16: EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
(on accrual basis)		
Travelling	84.50	78.01
Export Sale Compensation/claims	34.70	21.14
Commission	406.59	499.51
Interest	-	9.33
Legal & Professional Charges	74.67	76.04
Donation	120.51	119.38
Others	17.68	20.91

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

Note 31.17: REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Amount of Dividend related to 2013-14 remitted in		
Foreign Exchange (₹)#	-	-
Number of Non-Resident Shareholders	146	124
Number of Shares held by such Non-Resident Shareholders	38050	30898

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

Note 31.18: Previous year figures have been regrouped/rearranged wherever necessary.

Signatures to Notes 1 to 31.18

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 : Mumbai
Dated : 7th May, 2015

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

Dilip Kumar Ghorawat
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Rajiv K. Podar
Dr. M. H. Rahman
Sukhvir Singh
Directors

Cash Flow Statement for the year ended 31st March, 2015

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
(A) CASH FLOW FROM OPERATING ACTIVITIES		
a. **Net profit before tax**	**14822.31**	**17172.63**
Adjustment for :		
Depreciation, Impairment and Amortisation Expenses	6990.73	7518.62
Interest paid (Net of capitalised)	5248.68	5790.94
Interest received	(2123.30)	(2822.70)
Dividend from non-current investment (Non-Trade)	(0.02)	(0.01)
Profit on sale of current investment	(27.97)	(32.56)
Deferred Government subsidies	(29.21)	(37.32)
Profit on sale/discard of Fixed Assets (Net)	(23.04)	(13.71)
Exceptional Items	68.17	63.73
Bad Debts/ Subsidy	-	0.69
Provision for Doubtful Debts/ Subsidy written back	(10.50)	(52.93)
Provision for Doubtful Debts	-	55.37
b. **Operating profit before working capital changes**	**24915.85**	**27642.75**
Adjustment for :		
Trade and other receivables	(471.28)	(3080.23)
Inventories	6292.12	(7038.42)
Grants / Subsidy from Government (revenue in nature)	80.93	(78.06)
Trade payables & other liabilities	(78.40)	1896.86
c. **Cash generated from operations**	**30739.22**	**19342.90**
Direct taxes (paid) / refund (Net)	(3263.93)	(3437.85)
Net cash (used in)/from operating activities (A)	**27475.29**	**15905.05**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets (including advance received)	394.07	303.01
Dividend from non-current investment (Non-Trade)	0.02	0.01
Interest received	2171.39	2825.18
Grants / subsidy from Government (capital in nature)	33.80	-
Sale / (purchase) of investments (net)	362.04	(47.50)
Purchase of fixed assets (excluding interest capitalised)	(20156.82)	(10589.36)
Movement in fixed deposits	(3.67)	1.71
Net cash (used in)/from Investing Activities (B)	**(17199.17)**	**(7506.95)**

Cash Flow Statement for the year ended 31st March, 2015

(₹ in lakhs)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings (net)	(8869.99)	4039.94
Long term borrowings (net)	5655.46	(6114.39)
Dividend paid and tax on distributed profits	(1533.37)	(638.90)
Interest paid (net of TUFS subsidy & interest capitalised)	(5611.90)	(5774.49)
Net cash (used in)/from Financing Activities (C)	**(10359.80)**	**(8487.84)**
Net increase/(decrease) in cash and cash Equivalents [(A)+(B)+(C)]	**(83.68)**	**(89.74)**
Cash and cash equivalents (Opening balance)	306.42	396.16
Cash and cash equivalents (Closing balance) *	**222.74**	**306.42**
* Break-up as under :-		
Cash balance on hand (including stamps in hand)	39.51	29.15
Cash Credit Accounts (debit balance)	2.01	0.39
With banks in current accounts	181.22	276.88
Total	**222.74**	**306.42**
Other bank balances shown under appropriate activities	105.60	83.32
Cash and bank balances as per Note No.- 18	**328.34**	**389.74**

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

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 : Mumbai
Dated: 7th May, 2015

D. R. Prabhu
Secretary

C. S. Nopany
Chairman

Dilip Kumar Ghorawat
Wholetime Director & CFO

U. K. Khaitan
Amit Dalal
Rajan A. Dalal
Rajiv K. Podar
Dr. M. H. Rahman
Sukhvir Singh
Directors

Notes

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