



**RESTRATEGISE.  
REBOUND.  
RESTORE.**

## Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our business prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make or publish, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.



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# UNDERSTANDING SURYALAKSHMI COTTON MILLS LIMITED

## Who we are

**We have been providing premium yarns, and premium denim, for nearly six decades to some of the globally renowned domestic and international brands.**

**We have built trust by manufacturing responsibly and sustainably. | We have built value for our shareholders. | We have built careers for nearly 3000 people. | We have developed 3,000+ high-quality specialized denim variants. | We are rebuilding ourselves, to emerge profitable again.**

Established in 1962, we have built our presence across the textile value chain from manufacturing of yarn to denim cloth by building an integrated business model and by leveraging our manufacturing capabilities. We are one of India's leading Original Denim Manufacturers (ODM) associating with renowned international and domestic brands with an enviable market share in the premium denim segment.

## Suryalakshmi Cotton Mills Limited, Today

For more than five decades Suryalakshmi has taken everything the world has thrown at it in its stride: the fickleness of changing trends in the fashion industry, the fortunes of boom and recession, the revolving door of bull and bear markets.

But it is no secret the Company got itself into trouble over the last few years. We tackled these issues head-on, and since FY21 we have put together a transformation strategy to turn the Company around. As we began to put the plan in place, the challenges the Company faced were intensified by the onset of the pandemic.



## Our vision

**To become a global leader and preferred partner in premium yarn and denim fabric manufacturing by leveraging long-term growth opportunities and creating superior value for all stakeholders.**



## Our mission

**To be one of the Top Global Players in the specialized denim and premium yarn sector, bringing inspiration and innovation to every fabric and garment we create.**



## Values that define us

### Customer First

We put the needs of our customers first and are focused on delivering value by providing the highest quality products.

### Innovation-led Design Thinking

We will leverage design thinking, technology innovation for delivering fast fashion to our customers. We exercise the highest levels of professionalism in our work & relationships and are committed to continuous improvement in our pursuit of excellence.

### People Welfare

We exercise global standards of worker and human resource welfare to create an efficient, healthy, happy, and satisfied workforce.

### Integrity

We are committed to remain transparent, honest, and accountable in our relationships with all stakeholders, both on the inside and outside.

### Responsibility

We pay attention to what we create, how we create it, and the way it impacts people and the environment.

## Where we operate

Headquartered in Telangana, India, and quoted on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. we have a global sales

sales presence associating with leading private labels, fashion brands, and retail chains. Our unrivaled global reach and footprint serve as one of our competitive advantages.

# 30

Number of countries where Suryalakshmi has its product presence

# 25

Customers served globally

## Our quality assurance

We have successfully driven our business for more than five decades by emphasizing on quality excellence. Our quality excellence is vindicated by certifications such as [], [], and [] and our technologically advanced manufacturing practices.

# FROM THE CHAIRMAN'S DESK

**“Taking a long-term view, I found it quite heartening to see the way Suryalakshmi performed during the year in delivering on our key strategic objectives amidst a challenging market environment.”**



## Dear Shareholders,

It's been a year like no other, as I write this statement, I find myself vindicated of the trust and confidence I had put in my colleagues over the years, but specially over the past year when we were put to yet another test of resilience as the raging pandemic continued to wreak havoc in people's lives and countries' economies. At the outset, I trust you and your family are keeping well in these unprecedented times. FY21 will be remembered as one of the most challenging years in recent times, as Covid-19 continues to affect our lives and livelihoods.

Taking a long-term view, I found it quite heartening to see the way Suryalakshmi performed during the year in delivering on our key strategic objectives amidst a challenging market environment. Quite simply, we began the financial year in a weak operational and financial position. In March, the pandemic amplified some of these weaknesses and has had a very obvious impact on our financial results. But, thanks to the combined efforts of the management team and our people, we faced up to the challenges and took action quickly.

## Challenging FY21

A year of unprecedented challenges and uncertainties. FY21 proved to be a difficult year for most of the business entities across industries. The Covid-19 pandemic disrupted the way of life, businesses, and the overall economic scenario across the globe. It had put governments

under pressure to act with agility and stem the spread of the virus. An already weak Indian economy saw GDP declining by 24.4%, multiple decades low, in the first quarter of the financial year under review.

Given the circumstances, there is no doubt that the pandemic caught the world unprepared. The struggles for the Indian textile sector got further aggravated as owing to the negative impact on trading from the lockdowns affected just about every bricks-and-mortar retailer in the world. Also, owing to the focus of the people on the necessary items the demand for fashion products across the globe dropped to the bottom.

But, the growing penetration of the online platform provided a glimmer of hope, but then again it also added to the challenge as heavy online discounts across global markets resulted in negatively impacting the profitability of many of our clients. Being part of this vicious cycle, it impacted us also and for the first quarter, it was a near washout for us. The easing of restrictions gave little respite, and post the second quarter things started to improve for us as the export markets started opening up slowly and our dependence on only the domestic market reduced substantially.

### Turning crisis to our advantage

In Suryalakshmi's case, we also got impacted owing to the pandemic and lockdown. Our denim plant remained closed and even after

unlocking of the economy, we could only resume operations by the August end. This was largely owing to the inventory shortage we had owing to supply chain issues and the rising logistics cost.

However, we turned this crisis to our advantage in a way that it not only helps us to mitigate the challenges thrown by the pandemic but also helps us prepare for the rebound. Owing to this sudden onset of the pandemic, it took a while for everyone to get a grip of things including the government. Seeing the impact of the pandemic, the government along with the Reserve Bank of India introduced several fiscal stimuli to boost the battered Indian economies and the different sectors. As part of this (Covid) fiscal package, the government allowed a moratorium period for the repayment of term loans for two years and also allowed a reduction of the interest rates on the loans.

Taking into consideration, we were successful in availing this package which allowed us breathing space during difficult times. It helped us with the required liquidity as our financing cost went down substantially. And owing to this liquidity our purchasing power increased, our working capital strengthened and it also enabled us to stock up our inventory level at a competitive price, thereby helping us mitigate the raw material price fluctuation.

Further, during the year, we continued to focus on the delivery of

our strategies, in particular through reviews of progress on key strategic priorities such as operational excellence in terms of effective utilization of labor and machine hours to reduce cost, growing our international businesses in focused markets and growing our market share by connecting effectively with our international clients and focus on value creation with clear actions to protect margins, generate cash and deliver on our targets.

We ended the financial year with a lower order book compared to previous year. Our overall performance for FY21 reflects the challenging backdrop amidst which we operated. Also, our international businesses got impacted due to local lockdown in some of the key geographies where we operate. Low-capacity utilization and the subsequent operating deleverage adversely impacted profitability parameters. However, unlike the earlier downcycles where our balance sheet was weak, this time it remained strong with sufficient liquidity to tide over tough times.

### Road ahead

Under the current circumstances, taking a longer-term view – with our current industry scenario, I believe we have strong visibility, and we remain well-positioned in key growth areas to make a strong comeback when the demand rises. We would continue to emphasize enhancing our efficiency across different business activities while focusing on expanding in the

## FROM THE CHAIRMAN'S DESK

areas where we can provide a more effective solution to our customers for their denim and yarn requirements.

Given the uncertainty faced by businesses across India and the globe, going forward, our primary focus would be centered around maximizing our relevance to our clients and control the factors which are under our control.

As we ended the year in a much stronger financial position both in terms of our balance sheet and embedding

cost controls and working capital management controls, we would continue to focus progressing on our strategic initiatives to ensure we return to the growth track soon and deliver the desired results for our different stakeholders. Looking ahead to the future, we are starting to shift gear – moving away from fixing the problems to spending more time on developing our runway for growth. We do this from a position where our business health has improved considerably over the last year and is getting stronger with each passing day.

Sincerely Yours

L N Agarwal



# CORPORATE INFORMATION

## Board of Directors

Sri L.N.Agarwal  
Chairman and Managing Director

Sri Paritosh K. Agarwal  
Managing Director

Sri R.Surender Reddy  
Director

Sri V.V.S. Ravindra  
Nominee - IDBI

Sri Navrang Lal Tibrewal  
Director

Sri R.S.Agarwal  
Director

Smt. Padmini Agarwal (up to  
07/11/2020) Whole time Director

Sri Dhruv Vijai Singh  
Director

Smt. Aruna Prasad (From 01/02/2021)  
Director

## Company Secretary

**Sri E.V.S.V.Sarma**

## President (Finance)

**Sri P.S. Subramanyam**

## Statutory Auditors

M/s.K.S.Rao & Co.  
Flat NO.601A, Golden Green Apartments,  
Irrum Manzil Colony,  
Hyderabad - 500082.  
Tel. (040) 23373399

## Cost Auditors

**M/s. S. Hariharan & Associates**

Trichy  
Tamilnadu - 620 006

## Bankers

State Bank of India  
Industrial Finance Branch  
Hyderabad

IDBI Bank Limited  
Saidapet, Chennai.

Union Bank of India (erstwhile -  
Andhra Bank),  
Somajiguda, Hyderabad.

DBS Bank India Limited (erstwhile -  
Lakshmi Vilas Bank Limited)

Aditya Trade Centre,  
Ameerpet, Hyderabad.

EXIM Bank,  
Rajbhavan Road,  
Hyderabad

Axis Bank,  
Begumpet  
Hyderabad.

South Indian Bank Limited,  
Rajbhavan Road,  
Hyderabad.

## Registered Office

6th Floor, Surya Towers  
105, S.P. Road  
Secunderabad - 500 003  
Tel.Nos. (040) 27885200  
Fax Nos.(040) 27846854  
Website : www.suryalakshmi.com

## FACTORIES

### Yarn Divisions

Amanagallu  
Ranga Reddy Dist.  
Telangana - 509 321.

Amravati,  
Addl. Amravati Indl. Area,  
Textile Zone, Nandgaon Peth,  
Tuljapur Village, Talkhana,  
Dist. Amravati,  
Maharashtra - 444 901

### Denim Division

Ramtek Mauda Road  
Village Nagardhan, Tehsil Ramtek  
Nagpur, Maharashtra - 441 106

## Registrar and Transfer Agent

KFin Technologies Private Limited,  
Selenium Tower B, Plot No.31&32,  
Financial District,  
Nanakramguda,  
Hyderabad - 500 032.  
Tel.: 040-67161606

# DIRECTORS' REPORT

To  
The Members

Your Directors are pleased to present their Fifty Eighth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2021.

## Financial Results

(₹ in Lakhs)

	2020-2021		2019-2020	
Gross Profit before Interest & Depreciation		3691.37		3184.23
<b>Less : Interest</b>	3490.03		3279.89	
: Depreciation & Amortisation expense	2021.99	5512.02	2202.19	5482.08
Profit/(Loss) before prior year Adjustment		(1820.65)		(2297.85)
Exceptional Items *		1126.04		2.49
Profit / (Loss) before tax for the year		(694.61)		(2295.36)
<b>LESS : Deferred tax liability</b>		(201.03)		(687.72)
Profit / (Loss) after tax from continuing operations		(493.58)		(1607.64)
Profit / (loss) from discontinued operations		309.63		(2274.36)
Tax expense on discontinued operations		98.21		(704.54)
Profit / (Loss) after tax from discontinued operations.		211.42		(1569.82)
Profit / (Loss) for the period		(282.15)		(3177.46)
Other Comprehensive Income		(9.31)		(131.46)
<b>Total Comprehensive Income for the period</b>		(291.46)		<b>(3308.92)</b>
<b>ADD : Opening other Equity</b>		21818.85		25127.77
<b>Sub Total</b>		21527.39		21818.85
<b>LESS: Dividend on Equity share capital</b>		-		-
<b>LESS: Corporate Dividend Tax</b>		-		-
<b>LESS: Transferred to General Reserve</b>		-		-
Profit transferred to balance sheet		21527.39		21818.85

## OPERATIONS

The operations for the financial year 2020-2021 have been affected by the Covid 19 Pandemic for a greater part of the year. With all production activities coming to stand still for around 6 months. Even after the economic activities resumed it took quite some time for markets to open up.

In this scenario the revenue from operations of Rs. 488.48 Crores is less by 10% compared to the previous year. The loss for the period after accounting for exceptional items and discontinued operations and tax is Rs. 2.91 Crores compared to the loss of Rs. 33.09 Crores in the previous year. The improved performance of the Spinning and Denim Divisions in the 4th Quarter resulted in an operational profit of Rs. 7.5 Crores as against a profit of Rs. 1 Crore in the last year.

The Covid-19 pandemic has affected human life itself and commercial life in general across the world. The Country has experienced severe financial stress due to the fall out of the pandemic greatly aggravated by the lockdowns in many parts of the Country. The resumption of the normal industrial activity was affected by the migration of the labour. The normal industrial production could resume only towards October end and in view of this pandemic, RBI introduced a resolution framework for relieving Covid 19 related stress in the industry. The Company has availed the above scheme of the Reserve Bank of India consisting mainly of moratorium of term loan repayment, reduction in the rate of interest, etc. The Company's working capital and term lenders are in the process of sanctioning the scheme and the Company shall complete the necessary procedural requirements to hasten the recovery process.

## GARMENT DIVISION

Following the closure of Garment Division the Company has started disposing of the Land and Plant & Machinery of the Division and used the sale proceeds to reduce the long term debt. Most of the proceeds has been received and used to reduce the long term debt.

## POWER PLANT

The operations of the power plant continue to be suspended as it is no longer viable to operate the same due to the availability low cost state subsidised power.

## DIVIDEND

In view of the losses, the Board regrets its inability to recommend a dividend for the year 2020-21.

## CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of Rs. 481.39 lakhs

## EXPORTS

As a result of the pandemic, financial year 2020-21 was an extremely tough one. With a complete worldwide lockdown, there was meagre surge in demand. There was an increase in freight charges, acute shortage of container availabilities, border closures for long periods and lesser manpower at ports and custom offices.

For both the domestic & export markets, the challenge was to get the business and at the same time strive to get a price rise to sustain increased cost. Suryalakshmi with its strong lineage & excellent customer relations, managed to address both these challenges. With a good team work and right strategy in place, we managed to have our receivables in control in such bad market times. The export during the year is Rs.106.33 Crores as against Rs.182.8 crores in previous year.

Fabric innovation & online presentation has been the key for the marketing initiatives, which helped us continue supplying fabric to international brands, Lee Wrangler, Dickie's, Wal-Mart, Zara, Matalan, Jack & Jones etc & local brands Levis, Pepe, Lee Cooper, Arvind Brands, Spykar, Myntra, Madura etc. Apart from this, we continued our business in other markets like, South America, Africa, Europe & other Asian markets.

## FUTURE OUTLOOK

The coming year 2021 - 22, has already started on a shaky ground. The multiple waves of COVID, the world over has taken every one by a big surprise. It is surely going to be a really uphill task, but the Company is confident of tiding over it. The 2nd/3rd wave of Covid 19 will impact the performance of the Company in the 1st quarter of the year. The company continues to do its best in the given circumstances.

## DIRECTORS

During the year, Smt. Padmini Agarwal (DIN: 01652449) resigned from the Board due to other preoccupations. The Board wishes to place on record its appreciation for the valuable services rendered by Smt. Padmini Agarwal. The Board, on the recommendation of Nomination and Remuneration Committee has reappointed Sri Dhruv Vijai Singh (DIN: 07180749) as Independent Director for a second term of 5 years from 28/07/2021 subject to the approval of the members in the ensuing Annual General Meeting.

The Board, on the recommendation of Nomination and Remuneration Committee has appointed Smt. Aruna Prasad as an Additional Director. Smt. Aruna Prasad, a practising Cost Account aged 62 years is based out of Chennai and is a member of Institute of Cost Accountants of India. She will retire at the ensuing Annual General Meeting and it is proposed to reappoint her as a Director liable to retire by rotation.

## EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013, and as per the latest Listing Regulations, the annual performance evaluation of the Board its Committees and of Individual Directors was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

## FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company has formulated a familiarisation program for the Independent Directors to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The details of such program are available in the Company's website [www.suryalakshmi.com](http://www.suryalakshmi.com)

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has obtained the declaration from the Independent Directors confirming that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013.

## MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors was held under the Chairmanship of Sri R.Surender Reddy, Independent Director on February 1, 2021, inter-alia to discuss evaluation of the performance of Non-Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole.

## POLICY ON APPOINTMENT & REMUNERATION OF DIRECTORS

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Executive and Non-executive Directors (by way of sitting fees and commission), Key Managerial Personnel, Senior Management and other employees.

The policy also provides the criteria for determining qualifications, positive attributes and Independence of Directors and criteria for appointment of Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The above policy has been posted on the website of the Company at [www.suryalakshmi.com](http://www.suryalakshmi.com)

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) the Directors had taken proper and sufficient care 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) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively..

## DISCLOSURES UNDER THE COMPANIES ACT, 2013

### ii) Annual Return:

The Company's Annual Return has been hosted on Company's website and can be accessed at the weblink [www.suryalakshmi.com](http://www.suryalakshmi.com). Therefore, the extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 has not been annexed to this Board's Report.

### ii) Number of Board Meetings:

The Board of Directors met five times during the year 2020-2021. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

### iii) Changes in Share Capital:

There was no change in the share capital during the year under review.

### iv) Audit Committee:

The Board has constituted the Audit Committee which comprises of Sri R. Surender Reddy, as the Chairman and Sri R.S.Agarwal, Sri Navrang Lal Tibrewal and Sri V.V.S.Ravindra as the members. More details on the committee are given in the Corporate Governance Report.

### v) Related Party Transactions:

All the related party transactions are entered into on arm's length basis and are in compliance with the applicable provisions of the Companies Act 2013

and the Listing Regulations. There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large. Thus disclosure in Form AOC-2 is not required to be made. All Related Party Transactions are presented to the Audit Committee and the Board.

Omnibus approval is obtained for the transactions which are foreseeable and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link: <http://www.suryalakshmi.com/investor-corporate-governance.aspx>

#### vi) REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

vii) **No Loans/Guarantees / Investments** under Section 186 of the Companies Act, 2013 have been made during the year.

viii) There were no significant and material orders passed by the Regulators/ Courts that would impact the going concern status of the Company and its future operations

## MATERIAL CHANGES AND COMMITMENTS

As detailed elsewhere, the nationwide lock down to contain the COVID-19 pandemic, the manufacturing units of the Company has been shut down in the last week of March, 2020. The Spinning Units resumed production in the second half of May, 2020 and denim unit resumed production in end of October 2020.

## CORPORATE GOVERNANCE

As per the latest Listing Regulations on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report (ANNEXURE - 5). The Company has complied with the corporate governance requirements under the Companies Act, 2013 as stipulated under the Listing Regulations. A separate section on corporate governance under the Listing Regulations, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report (ANNEXURE - 1).

## CORPORATE SOCIAL RESPONSIBILITY POLICY

At Suryalakshmi a major concern has been, the sincere effort by the Company to recognize the role played by the Society at large, the environment and its human resources in its sustainability and growth and to strive to discharge its social responsibility as a corporate citizen. To this end, the Company has always tried to strike a fine balance of economic, environmental and social commitments. The sustainable stewardship mantra is not limited to philanthropy, but encompasses holistic community development and other initiatives to strengthen business sustainability. The core areas for Suryalakshmi's Corporate Social Responsibility (CSR) Programmes for this year have been health care, environment and education. Details of the projects / activities implemented by the Company are furnished in a separate ANNEXURE-2 to this report. The Company constituted a Committee of CSR consisting of Sri L.N.Agarwal, Sri Paritosh Agarwal and Sri R.Surender Reddy, with Sri L.N.Agarwal as Chairman.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The reconstituted Stakeholders Relationship Committee consists of following Directors. Mr. Navrang Lal Tibrewal, Chairman (Independent Director), Sri L.N. Agarwal, (member), Sri Paritosh Agarwal (member) and Sri E.V.S.V. Sarma, Compliance Officer & Company Secretary. During the financial year, stakeholders relationship committee meeting was held on 12/11/2020.

## RISK MANAGEMENT

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks viz., Trend Related Risks, Raw Material Risks, Brand / Technology Risks, Operational Quality Risks, Human Resources Risks, Regulatory Risks and Financial Risks. A Committee headed by Sri Paritosh Agarwal, Managing Director periodically reviews the risks and takes steps to mitigate identified risks.

## WHISTLE BLOWER POLICY

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and employees to report to the management about unethical behaviour, fraud, violation of Company's Code of Conduct, which also ensures safeguards against victimization of those employees who seek to make use of the free access to the Audit Committee for this purpose. None of the Personnel has been denied access to the audit committee. The Whistle Blower Policy has been posted on the website of the Company at <http://www.suryalakshmi.com/investor-corporate-governance.aspx>

## DECLARATION ABOUT COMPLIANCE WITH THE CODE OF CONDUCT BY MEMBERS OF THE BOARD AND SR.MANAGEMENT PERSONNEL

The Company has complied with the requirements of Code of Conduct for Board members and Sr. Management Personnel.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trained) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed off during each Calendar year:

- a) No. of Complaints received - NIL
- b) No. of Complaints disposed off during the year - NIL
- c) No. of cases pending as at end of the Financial Year - NIL

## AUDITORS

### I. Statutory Auditors and their Report:-

M/s.K.S.Rao & Co., Chartered Accountants (ICAI Firm Regn.No.003109S) were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the members held on 28/08/2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Their appointment was subject to ratification by the members at every subsequent AGM held after the AGM held on 28/08/2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, such ratification is no longer necessary. The Company has received the prescribed certificate from the Auditor regarding the continuance and the necessary consent for his appointment as Auditor. The Auditors' Report to the shareholders for the year under review does not contain any qualification, reservation or adverse remark.

### II. Cost Auditor and Cost Audit Report

As per the requirements of the Section 148 of the Act read with the Companies (Cost Records and Audit)

Rules, 2014 as amended from time to time, your Company is required to maintain cost records and accordingly, such accounts are made and records have been maintained relating to Textile Divisions every year. The Cost Auditor Smt. Aruna Prasad has resigned during the year and pursuant to Section 148 of the Companies Act, 2013 the Board of Directors on the recommendation of the Audit Committee, has appointed Mr.Hariharan Associates, Cost Accountants (Firm Registration No.100486) as the Cost Auditors for the Financial Year 2020-2021 and has recommended their remuneration to the shareholders for their ratification at the ensuing Annual General Meeting. M/s.Hariharan Associates, Cost Accountants have confirmed their appointment is within the prescribed limits and also certified that they are free from any disqualification.

### III. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary in Whole-time Practice (M.No. F9268), to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2021-2022. The report of the Secretarial Auditor for the Financial year 2020-21 does not contain any qualifications, reservation or adverse remarks and is annexed to this report as ANNEXURE -3

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has effective and adequate internal control systems in place commensurate with the size and complexity of the organisation. Internal and operational audit is carried by M/s.K.Vijaya Raghavan & Associates LLP, a reputed firm of Chartered Accountants. The Internal Audit system is designed to meet the statutory requirements as well as ensure proper implementation of management and accounting controls. The internal auditors submit their report to the Managing Director and also to the Audit Committee, which reviews the report and ensures that the Audit observations are attended to by the Management.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, as required to be given pursuant to provision of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed here to marked ANNEXURE-4 and forms part of this report.

## DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India

## EMPLOYEES

Periodic Training programmes for developing a skilled workforce, personality development programmes, yoga camps, etc., encouragement of employee participation in district / state level sports events are regularly undertaken. An integrated woman focused program trains unskilled women to undertake skilled jobs at its units.

Disclosure pertaining to the remuneration and other details as required under Section 134 & 197(12) of the Act, and the Rules framed thereunder is enclosed as ANNEXURE-6 to the Board's Report.

## ACKNOWLEDGEMENTS

The Board of Directors are pleased to place on record their appreciation of the cooperation and support extended by Banks and various State and Central Government Agencies. The Board also wishes to place on record its appreciation of the valuable services rendered by the employees of the Company.

For and on behalf of the Board

Date : 10th May, 2021.

Place : Secunderabad

**L.N.AGARWAL**

Chairman & Managing Director

## ANNEXURE – I

## CORPORATE GOVERNANCE REPORT

## 1. Brief statement on Company's philosophy on code of governance.

Suryalakshmi's corporate culture has meant working always proactively to meet the expectations of its customers, shareholders, employees, business associates, the society at large and in complying with the dictates of the regulatory frame work both in letter and spirit. The Company believes Corporate Governance is an effective instrument for realisation of this corporate aim and accordingly endeavours to function with integrity in a transparent environment.

## 2. Board of Directors :

a) Composition and category of Directors / Number of other Board of Directors or Committees of which Member / Chairman.

Name of the Director	Category	No. of other Directorships and names of Listed Companies of which he is a Director	No. of other Board Committees of which Member	No. of other Board Committees of which Chairman
Sri L.N.Agarwal DIN : 00008721	Chairman & Managing Director-Promoter/ Executive	Nil	Nil	Nil
Sri Paritosh Agarwal DIN : 00008738	Managing Director - Promoter/ Executive	Nil	Nil	Nil
Sri R.Surender Reddy DIN : 00083972	Non-Executive - Independent	SIX a) Suryalata Spinning Mills Ltd b) Lakshmi Finance & Industrial Corporation Ltd c) Surana Solar Limited d) Bhagyanagar India Ltd	6	4
Sri Navrang Lal Tibrewal DIN : 00030151		Nil	Nil	Nil
Sri R.S.Agarwal DIN : 00012594	Non-Executive - Independent	FOUR a) The Ramco Cements Ltd. b) Ramco Industries Ltd. c) Ramco Systems Ltd	4	2
Smt. Padmini * Agarwal DIN : 01652449	Executive-Promoter	Nil	Nil	Nil
Sri V.V.S.Ravindra DIN : 01887879	IDBI Nominee Non-Executive	ONE a) Nagarjuna Fertilizers and Chemicals Limited	Nil	Nil
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive - Independent	Nil	Nil	Nil
Smt. Aruna Prasad # DIN : 07164087	Non-Executive - Non Independent	Nil	Nil	Nil

\* Resigned from the Board w.e.f. 07/11/2020.

# Appointed in Board as Non-Executive - Non Independent Director w.e.f. 01/02/2021.

- b) Attendance of each Director at the Board of Directors Meeting and the last Annual General Meeting.

<b>Names of Directors</b>	<b>No. of Board Meetings attended during the period 1st April, 2020 to 31st March, 2021</b>	<b>Attendance at the last Annual General Meeting held on 31/10/2020</b>
Sri L.N.Agarwal	5	Present
Sri Paritosh Agarwal	5	Present
Sri R.Surender Reddy	5	Present
Sri Navrang Lal Tibrewal	5	Present
Sri R.S.Agarwal	5	Present
Smt. Padmini Agarwal *	3	Present
Sri Dhruv Vijai Singh	5	Present
Sri V.V.S.Ravindra	2	Absent
Smt. Aruna Prasad#	1	Absent

\* Resigned from the Board w.e.f. 07/11/2020.

# Appointed in Board as Non-Executive - Non Independent Director w.e.f. 01/02/2021.

- c) During the financial year ended March 31, 2021 - Five Board Meetings were held on 08/05/2020, 27/06/2020, 15/09/2020, 12/11/2020 and 01/02/2021.
- d) Disclosure of relationships between Directors inter-se:

<b>Names of Directors</b>	<b>Inter-se relationship</b>
Sri L.N.Agarwal	Father of Paritosh Agarwal
Sri Paritosh Agarwal	Son of L.N.Agarwal
Sri Padmini Agarwal (Resigned on 07/11/2020)	Wife of Paritosh Agarwal

- e) The details of shares held by the Non-Executive Directors of the Company in their individual names as on March 31, 2021 are furnished below:

<b>Names of Directors</b>	<b>Designation</b>	<b>No. of Equity shares</b>
Sri. R.Surender Reddy	Director	28000
Sri. Navrang Lal Tibrewal	Director	Nil
Sri. R.S.Agarwal	Director	Nil
Sri. V.V.S.Ravindra	Director	Nil
Sri. Dhruv Vijai Singh	Director	Nil
Sri. Aruna Prasad	Director	Nil

- f) Web link where details of familiarization programmes imparted to Independent Directors is disclosed.

<http://www.suryalakshmi.com/investor-corporate-governance.aspx>

- g) A chart or a matrix setting out the skills / expertise / competence of the Board of Directors specifying the following

The list of the core skills / expertise, etc., identified by the Board of Directors as required in the context of the business (es) and sector(s) for it to function effectively and those actually available with the Board is given below

<b>Businesses of the Company</b>	<b>Core Skills / Expertise / Competencies</b>	<b>Name of the Director having the expertise</b>
<b>a) Yarn</b>	a) Textile Technology - Developments / trends	Sri L.N.Agarwal / Sri Paritosh Agarwal
<b>b) Fabric</b>	b) Cotton Markets - price trends / quality / procurement	Sri L.N.Agarwal / Sri Paritosh Agarwal
<b>c) Garment</b>	c) Knowledge of Indian / Foreign Markets	Sri Paritosh Agarwal / Sri V.V.S.Ravindra / Sri Dhruv Vijai Singh
<b>d) Power</b>	d) Fashion trends / designs	Sri Paritosh Agarwal

Businesses of the Company	Core Skills / Expertise / Competencies	Name of the Director having the expertise
	e) Textile machinery – developments	Sri Paritosh Agarwal
	f) General management / Economy / Administration / strategic thinking / Government policies	Sri Paritosh Agarwal / Sri R.Surender Reddy / Sri R.S.Agarwal / Sri Dhruv Vijai Singh / Sri V.V.S.Ravindra
	g) Financial Markets / Institutions	Sri Paritosh Agarwal / Sri R.Surender Reddy / Sri R.S.Agarwal / Sri Dhruv Vijai Singh / Sri V.V.S.Ravindra
	h) Company's legal environment & implications for the Company.	Sri Navrang Lal Tibrewal / Sri Paritosh Agarwal

#### h) Confirmation from the Board

The Board of Directors confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

#### REAPPOINTMENT OF DIRECTORS

The details relating to appointment and re-appointment of Directors as required under regulation 36(3) of SEBI (LODR) Regulations, 2015 are provided in the Notice to the Annual General Meeting.

During the year Director Smt. Padmini Agarwal has resigned with effect from 07/11/2020 due to preoccupation with other activities and in her resignation letter she has confirmed that there are no material reasons other than what is specified by her in her letter.

### 3. AUDIT COMMITTEE

#### a. Brief description of terms of reference

- Oversight of Company's financial reporting process and disclosure of financial information.
- Review of financial statements before submission to Board.
- Review of adequacy of internal control systems and internal audit functions.
- Review of Company's financial and risk management policies.
- Adequacy of internal financial control system in place and operating effectiveness of such controls

#### b. Composition, names of members and Chairperson

- Sri R.Surender Reddy - Chairman, Non-Executive & Independent
- Sri Navrang Lal Tibrewal - Member, Non-Executive & Independent
- Sri R.S.Agarwal - Member, Non-Executive & Independent
- Sri V.V.S.Ravindra - Member, Non-Executive - IDBI Nominee

#### c. Meetings and attendance during the year

During the financial year ended March 31, 2021 - Four Audit Committee Meetings were held on 27/06/2020, 15/09/2020, 12/11/2020 and 01/02/2021

Name	No. of the Meetings attended
Sri R.S.Agarwal	4
Sri R.Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Sri V.V.S.Ravindra	1

## 4. NOMINATION & REMUNERATION COMMITTEE

### a) Brief description of terms of reference.

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and persons suitable to be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v. To ensure that the level and composition of remuneration involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

### b) Composition, Name of members and Chairperson

1. Sri R.S.Agarwal - Chairman - Non-executive - Independent
2. Sri R.Surender Reddy - Member - Non - executive - Independent
3. Sri Navrang Lal Tibrewal - Member - Non - executive - Independent
4. Sri V.V.S.Ravindra - Member - Non-Executive - IDBI Nominee

### c) Meetings and attendance during the year

During the financial year ended March 31, 2021, Nomination and Remuneration Committee Meetings was held on 27th June, 2020 and 01st February, 2021 all the members of the Committee attended the same.

### d) Performance evaluation criteria for Independent Directors

The Criteria followed by the Board to evaluate performance of Committees / Independent Directors:

- (i) The concerned Director should be a person of the highest integrity possessing the necessary expertise expected of the Director in his area of the specialization or general business.
- (ii) Where the Director is an Independent Director, the Director should also satisfy the requirements of independence both in letter and spirit under the Act / Regulations and does not suffer from any of the disqualifications under Act / Regulations.
- (iii) The Director should add value to the diversity of the Board and be honest and free to express his frank opinion in the ultimate interest of the Company.
- (iv) The Director should take all reasonable efforts to devote his time to contribute to the deliberations of the Board.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A meeting of the Independent Directors was also held which reviewed the performance of Non-Independent Directors, Chairman and the quality of the information and follow up action is being taken on the suggestions made therein.

## 5. REMUNERATION OF DIRECTORS

### a) All pecuniary relationship or transactions of the Non-executive Directors.

The non-executive Directors did not have any pecuniary relationship or transactions with the Company in the year under review.

### b) Criteria of making payment to Non-executive Directors.

No payments are made to Non-Executive Directors, other than sitting fees for attending Board/Committee meetings.

Sitting Fees<sup>®</sup> (for year ended 31/03/2021)

Name	Designation	Amount (₹)
Sri. R.Surender Reddy	Independent Director	37500/-
Sri. Navrang Lal Tibrewal	Independent Director	37500/-
Sri. R.S.Agarwal	Independent Director	37500/-
Sri. Dhruv Vijai Singh	Independent Director	22500/-
Sri. V.V.S.Ravindra	Nominee - IDBI	35000/-
Smt. Aruna Prasad	Director	5000/-

® Exclusive of incidental expenses

c) Disclosures with respect to remuneration in addition to disclosures required under the Companies Act, 2013..

(i) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc;

Details of remuneration to the Executive Directors

(During 01/04/2020 to 31/03/2021) \*

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Total (Rs.)
L.N.Agarwal	Chairman & Managing Director	50,37,849	6,000	50,43,849
Paritosh Agarwal	Managing Director	45,34,065	24,000	45,58,065
Padmini Agarwal*	Whole Time Director	17,21,469	0	17,21,469

\* Resigned from the Board w.e.f. 07/11/2020.

(ii) Details of fixed component and performance linked incentives, along with the performance criteria - Nil

(iii) Service contracts, notice period, severance fees -

(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -

The Company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

## 6. RISK MANAGEMENT COMMITTEE

### a. Brief description of terms of reference

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks viz., Trend Related Risks, Raw Material Risks, Brand / Technology Risks, Operational / Quality Risks, Human Resources Risks, Regulatory Risks and Financial Risks.

### b. Composition, names of members and Chairperson

- Sri Paritosh Agarwal - Chairman, Executive Director
- Sri Siddhant Sharma - Member, Chief Executive Officer (Denim Divn.)
- Sri R.L.Narayana - Member, President (Amanagallu Unit)
- Sri P.S.Subramanyam - Member, President (Finance)

## 7. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

- Name of Non-Executive Director heading the Committee Sri Navrang Lal Tibrewal
- Name and designation of Compliance Officer. Sri E.V.S.V.Sarma, Company Secretary.
- Number of Shareholders Complaints received so far.No. of Complaints received during the Year - Nil
- Number not solved to the satisfaction of shareholders - Nil
- Number of pending complaints - Nil

## 8. GENERAL BODY MEETINGS:

### a) Location and time, where last three AGMs held.

Financial Year	Date	Venue	Time
2017-2018	29/09/2018	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2018-2019	30/09/2019	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2019-2020	31/10/2020	6th Floor, Surya Towers 105 S P Road, Secunderabad - 500003 (Through Video Conferencing) Regd Office	10.30 A.M.

### b) Special resolutions passed at the last 3 Annual General Meetings

- At the AGM held on 29/09/2018 -
  - Ratification and Approval of Mortgage
- At the AGM held on 30/09/2019 -
  - Ratification of creation of Mortgage.
  - Reappointment of Sri L.N.Agarwal, Chairman & Managing Director.
  - Reappointment of Smt. Padmini Agarwal, Wholetime Director.
  - Ratification of Remuneration paid to Sri Paritosh Agarwal.
- At the AGM held on 31/10/2020 -
  - Reappointment of Sri Paritosh Agarwal, Managing Director.
  - Reappointment of Sri R.S.Agarwal As An Independent Director for a Second term of 5 years.
  - Reappointment of Sri Navrang Lal Tibrewal As An Independent Director For a Second Term of 5 Years.
  - Ratification of The Remuneration of Cost Auditor.

### c) Whether any special resolutions passed last year through postal ballot - details of voting pattern;

NIL

### d) Person who conducted the postal ballot exercise

Not applicable as no Postal Ballot exercise was carried out

### e) Procedure for postal ballot

Not applicable

### f) Whether any special resolution is proposed to be conducted through postal ballot

No Special Resolution is proposed to be conducted through postal ballot.

## 9. MEANS OF COMMUNICATION.

### a) Quarterly results.

Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website [www.suryalakshmi.com](http://www.suryalakshmi.com)

### b) Quarterly results are normally published in which newspapers

The Quarterly results are usually published in Business Standard and Nava Telangana.

### c) Any website, where displayed

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

### d) & e) Whether it also displays official news releases and the presentations made to institutional investors or to the analysts.

The website shall be used for this purpose, when the occasion arises.

## 10. GENERAL SHAREHOLDER INFORMATION.

### a) AGM : Date, Time and Venue

The AGM is proposed to be conducted through Video Conferencing. Detailed instructions are available in the Notice for AGM.

Date : 30th September, 2021

Time : 10.30 A.M

Venue : Registered Office

**b) Financial Year**

1st April to 31st March following

**c) Date of Book Closure**

23rd September, 2021 to 30th September 2021 (both days inclusive)

d) Dividend Payment Date: No Dividend has been recommended

**d & e) Listing on Stock Exchanges & Stock Code**

The shares of the Company continue to be listed on the Stock Exchanges at the National Stock Exchange of India Limited and BSE Limited and the Company has paid upto date all the listing fees to these exchanges.

Name of the Stock Exchange	CODE	Address
The National Stock Exchange of India Limited	SURYALAXMI	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E) MUMBAI - 400 051
BSE Limited	521200	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400001

**f & g) Market Price Data :**

High, Low during each month in last financial year and Performance in comparison to broad - based indices such as BSE Sensex, CRISIL index, etc.

Month	NATIONAL STOCK EXCHANGE		BSE LIMITED			
	SHARE PRICE (Rs.)		SHARE PRICE (Rs.)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2020	25.00	13.15	26.70	12.76	33887.25	27500.79
May, 2020	22.45	14.70	21.70	15.00	32845.48	29968.45
June, 2020	20.25	15.10	19.15	15.20	35706.55	32348.10
July, 2020	19.55	16.00	18.95	15.75	38617.03	34927.20
August, 2020	18.80	15.80	18.90	16.05	40010.17	36911.23
September, 2020	18.90	16.05	18.60	16.25	39359.51	36495.98
October, 2020	18.75	15.50	18.65	14.80	41048.05	38410.20
November, 2020	21.95	16.35	22.20	16.05	44825.37	39334.92
December, 2020	34.80	18.05	34.70	18.00	47896.97	44118.10
January, 2021	38.70	28.00	38.10	28.00	50184.01	46160.46
February, 2021	34.45	27.05	35.05	27.40	52516.76	46433.65
March, 2021	36.85	28.05	37.00	28.10	51821.84	48236.35

**h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof**

NOT APPLICABLE

**i) Registrar & Share Transfer Agents**

KFin Technologies Private Limited  
Selenium Building, Tower B, Plot No.31-32,  
Financial District, Nanakramguda, Serilingampally,  
HYDERABAD - 500 032.  
Tel.: 040-67161606

**j) Share Transfer System:**

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

**k) Distribution of shareholding.****Shareholding pattern as on 31.03.2021**

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	6200146	37.19
Bodies Corporate	774645	4.65
Banks & Financial Institutions	67266	0.40
Non Resident Indians	151452	0.91
IEPF	68712	0.41
Unclaimed Suspense Account	12043	0.07
Others (clearing members, NBFC's & NRI-Non Repatriation)	71137	0.43
<b>TOTAL</b>	<b>16672290</b>	<b>100.00</b>

**Distribution Schedule - Consolidated As on 31-03-2021**

Nominal Value	Holders		Amount	
	Number	% to Total	in ₹	% to Total
01-5000	6,422	81.24	81,24,290	4.87
5001- 10000	707	8.94	56,80,530	3.41
10001- 20000	357	4.52	55,08,510	3.30
20001- 30000	131	1.66	33,50,120	2.01
30001- 40000	52	0.66	18,86,910	1.13
40001- 50000	52	0.66	24,55,610	1.47
50001- 100000	88	1.11	62,03,450	3.72
100001 & above	96	1.21	13,35,13,480	80.08
<b>TOTAL</b>	<b>7905</b>	<b>100.00</b>	<b>16,67,22,900</b>	<b>100.00</b>

**l) Dematerialisation of shares and liquidity**

The Company's shares are available for dematerialization on both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 16600638 shares amounting to 99.57% of the Capital have been dematerialised by investors as on 31st March, 2021.

ISIN : INE713B01026

Address of Registrars for Dematerialisation of Shares.

KFin Technologies Private Limited  
Selenium Building, Tower B, Plot No.31-32,  
Financial District, Nanakramguda, Serilingampally,  
HYDERABAD - 500 032.  
Tel.: 040-67161606

**m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.**

NOT APPLICABLE as the Company has not issued any of the above instruments.

**n) Commodity price risk or foreign exchange risk and hedging activities.**

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities, hence same are not applicable to the Company.

**o) Plant Locations****Yarn Divisions**

- a) Amanagallu  
Ranga Reddy Dist.  
Telangana - 509 321

- b) Amravati  
Address : Plot No.T-3,  
Additional Amravati Industrial Area, Textile Zone,  
Zone : Nandgaonpeth, Tuljapur Village,  
Talkhanda, Dist.Amravati,  
Maharashtra - 444901.

#### Denim Division

Ramtek Mauda Road  
Village Nagardhan, Tehsil Ramtek, Nagpur.  
Maharashtra - 440 010

#### p) Address for correspondence:

- i) for transfer / dematerialisation of share, change of address of members and other queries relating to the shares of the Company:

M/s.KFin Technologies Private Limited  
Selenium Tower B, Plot No.31-32,  
Gachibowli, Financial District, Nanakramguda,  
HYDERABAD - 500 032.  
Tel.: 040-67161606

- ii. any queries relating to dividend, annual reports, etc.

The Company Secretary,  
Suryalakshmi Cotton Mills Limited,  
6th Floor, Surya Towers, 105, S.P.Road,  
Secunderabad - 500 003.  
Phone No(s) : 040 - 27885200  
Fax No : 040 - 27846854.  
Email ID : cs@suryalakshmi.com

#### q) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad

During the financial year ended 31st March, 2021, the credit rating for the term loans/ the long term / short term fund based limits sanctioned to the Company have been revised by ICRA to denote a rating watch with negative implications.

## 11. OTHER DISCLOSURES

#### a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large..

During the year under review, your Company has not entered into any material transaction

with any of its related parties or entity belonging to the Promoter / Promoter Group which holds 10% or more shareholding in the Company. Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. Omnibus approval was granted by the Audit Committee for transactions entered with related parties for the financial year 2020-21 and the same was reviewed/cleared by the Audit Committee at regular intervals. The necessary disclosures in compliance with the Accounting Standards regarding the related party transactions are given in the Notes to the financial statements.

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/policyonrelated.html>

#### b) e) Details of non-compliance by the company, penalties and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL

#### c) Details of establishment of Vigil Mechanism, Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and employees to report to the management about unethical behavior, fraud, violation of Company's Code of Conduct. None of the Personnel has been denied access to the audit committee.

#### d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

Mandatory requirements: All complied with.

#### Discretionary requirements:

- (i) The Board: The Board is headed by an Executive Chairman.
- (ii) Shareholder Rights: Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's website [www.suryalakshmi.com](http://www.suryalakshmi.com).
- (iii) Audit qualifications : There are no audit qualifications in the Audit Report.

(iv) Separate posts of Chairman and CEO. There are no separate posts of Chairman & CEO.

(v) Reporting of Internal Auditor.

The Internal Auditor submits his report to the Managing Director and also to the Audit Committee for review, where the Company submits its replies and action taken on the report.

**e) Web link where policy for determining 'material' subsidiaries is disclosed.**

Not applicable as the Company has no subsidiary.

**f) web link where policy on dealing with related party transactions .**

The policy on the Related Party Transactions is hosted on the company's website at the web link: <http://www.suryalakshmi.com/investor-corporate-governance.aspx>.

**g) Disclosure of commodity price risks and commodity hedging activities.**

The Company is not carrying on any Commodity Business and has also not undertaken any

hedging activities, hence same are not applicable to the Company

**h) Disclosure of Accounting Treatment**

Your Company has not adopted any accounting treatment different from that prescribed in the Accounting Standards.

**i) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Reg. 32(7A).**

The Company has not raised any funds through preferential allotment or qualified institutional placement during the Financial Year ended 31/03/2021.

**j)** A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by S&BI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.

**k)** There has been no occasion when the Board did not accept the recommendation of the Committees of the Company which is mandatorily required during the year under review.

**l)** Given below are the details of total fees for all services paid to M/s. K.S.Rao & Co., Chartered Accountants, Statutory Auditors of the Company on a consolidated basis during the financial year ended 31/03/2021.

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid (₹ in lakhs)
1.	Statutory Audit fees paid for Audit of the Company and Subsidiary Companies situated in India	4.05
2.	GST Tax Audit Fee	0.75
3.	Fees paid for other services.	2.22
4.	Reimbursement of expenses.	--
5.	Tax Audit	0.65
	<b>TOTAL</b>	<b>7.67</b>

**m)** Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

(i) No. of complaints filed during the financial year - nil

(ii) No. of complaints disposed off during the financial year - nil

(iii) No. of complaints pending as on end of the financial year - nil

**12. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT SUB-PARAS (2) TO (10) ABOVE WITH REASONS THEREOF:**

All the requirements of Corporate Governance Report sub-paras (2) to (10) are complied with.

**13. THE CORPORATE GOVERNANCE REPORT SHALL ALSO DISCLOSE THE EXTENT TO WHICH THE DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED.**

Details given under 11(d) of the above.

**14. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (b) to (i) of SUB-REGULATION (2) OF REGULATION 46 ARE AS GIVEN BELOW:**

Regulation	Particulars of Regulations	Compliance Status (Yes / No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	NOT APPLICABLE
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Dissemination of information on website	Yes

**15. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT.**

- (i) i) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;  
14 shareholders -12841 shares
- (ii) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;  
NIL
- (iii) number of shareholders to whom shares were transferred from suspense account during the year;  
NIL
- (iv) number of shareholders whose shares were transferred from suspense account to IEPF Authority under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.  
NIL
- (iv) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.  
11 shareholders -12043 shares
- (v) the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**CEO's Declaration regarding Code of Conduct**

As provided under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with Suryalakshmi Cotton Mills Limited Code of Conduct for the year ended March 31, 2021.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place : Secunderabad  
Date : 10th May, 2021

**L.N. Agarwal**  
Chairman & Managing Director

## CEO / CFO CERTIFICATION

We hereby certify that :

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Secunderabad  
Date : 10th May, 2021

**P.S.SUBRAMANYAM**  
**PRESIDENT (FINANCE)**

**PARITOSH AGARWAL**  
**MANAGING DIRECTOR**

# INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

## **Suryalaxhmi Cotton Mills Limited**

1. We have examined the compliance of the conditions of corporate governance by Surya Lakshmi cotton Mills Limited (the 'Company') for the year ended 31st March 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ( "SEBI Listing Regulations")

### **Management's Responsibility**

2. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure the compliance with the conditions of corporate governance as stipulated in the SEBI Listing Regulations.

### **Auditors' Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have examined the relevant records of the company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'),the Standards on Auditing specified under Section 143(10) of the Companies Act,2013,in so far

as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management,We certify that the company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2021.
8. We 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.

### **Restrictions on use**

9. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

for **K.S.Rao & Co.**  
Chartered Accountants  
Firm Regn.No.0031109S

**(P.Govardhana Reddy)**  
Partner

Place : Hyderabad  
Date : 10. 05. 2021

ICAI Membership No. 029193  
UDIN: 21029193AAAAIB2720

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations).

To  
The Members,  
**Suryalakshmi Cotton Mills Limited**

As required by item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 we certify that none of the Directors on the Board of Suryalakshmi Cotton Mills Limited have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

Place : Hyderabad  
Date : 10.05.2021

**K.V.Chalama Reddy**  
Practising Company Secretary  
M.No.F9268, C.P.No.5451  
UDIN No.: F009268C000265172

## ANNEXURE –II

# CSR REPORT

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs.	Suryalakshmi is acutely conscious of the contribution of the society at large to its growth and well being as a corporate citizen. To this end the Company has formulated a CSR policy which recognises the policy as an engine for inclusive growth. The Company has worked on areas like health care, animal welfare, promotion of rural education, drinking water supply, agro forestry, etc. The Company is working on identifying more areas which will have a wider impact on the society and the environment, in the areas where it operates.
	The weblink to the CSR Policy is: <a href="http://www.suryalakshmi.com/investorcorporate-governance.aspx">http://www.suryalakshmi.com/investorcorporate-governance.aspx</a>
	CSR activities of Suryalakshmi are carried out through:- Contributions to various Trusts / Societies and directly by Company..
2. The Composition of the CSR Committee.	Sri L.N.Agarwal – Chairman  Sri R.Surender Reddy – Member  Sri Paritosh K.Agarwal – Member
3. Average net profit of the Company for last three financial years (Profit before Tax)	Loss Rs. 1390.94 lakhs
4. Prescribed CSR expenditure (two percent of the amount as in Item 3 above)	NIL
5. Details of CSR spent during the financial year.	
a) Total amount to be spent for the financial year;	NIL
b) Amount unspent, if any;	NIL
c) Manner in which the amount spent during the financial year is detailed below.	please refer to the statement at page 23
6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board Report.	Not Applicable

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives of Suryalakshmi in line with CSR Objectives and Policy of the Company.

**L.N.AGARWAL**  
CHAIRMAN & MANAGING DIRECTOR

**L.N.AGARWAL**  
CHAIRMAN OF CSR COMMITTEE

DATE : 10/05/2021  
PLACE : SECUNDERABAD

## CSR PAYMENTS MADE FOR THE YEAR ENDED 31.03.2021

1	2	3	4	5	6	6	7			
S. NO. OR ACTIVITY IDENTIFIED	CSR PROJECT	SECTOR IN WHICH THE PROJECT IS COVERED	PROJECTS OR PROGRAMMES (1) Local Area or Other (2) Specify the State & Dist. Where Projects or Programmes was Undertaken	AMOUNT OUTLAY (BU GET) PROJECTS OR PROGRAMS WISE	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q1 FY2020-2021	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q2 FY2020-2021	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q3 FY2020-2021	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q4 FY2020-2021	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD FY 2020-2021	AMOUNT SPENT: Direct or through Implementing Agency
1	Health Care	Preventive Health Care	Hyderabad, Telegana State, Nagpur, Maharashtra & Nandhagaupet, Amaravathi, Maharashtra	760,000	600,000	3,400	-	-	603,400	Telangana Spinning & Textile Mills Association & Indian Red Cross Society
2	Gau Seva	Animal Welfare Project	Maharashtra	100,000	-	-	-	100,000	100,000	Gayatri Goseva Samithi
3	Surveillance Camera System	Rural Development Project	Amangallu Ranga Reddy District, Telangana	425,000	-	200,000	-	-	200,000	Direct by the Company
4	Annadanam (Food for Life)	Welfare Fund	New Naimisaranya, Dabilpur, Medchal, R R Dist., Telangana	15,000	-	11,000	-	-	11,000	International Society For Krishna Consciousness (ISKCON)
5	Promoting Education	Salaries to Teaching Staff	MPP Middle School, Vitaipally, Amangallu, R R Dist. Telangana	15,000	-	5,750	-	-	5,750	Direct by the Company
6	Development of Arts	Promotion & Development of Traditional Arts	CCRT, High Tech City, Madhapur, Hyderabad	125,000	-	-	100,000	-	100,000	Art and Artistes (I) Pvt Ltd.
7	Health Care	Welfare Fund	Government Hospital, Amangallu, Telangana	25,000	-	-	-	24,750	24,750	Direct by the Company
<b>TOTAL</b>				<b>1,465,000</b>	<b>600,000</b>	<b>220,150</b>	<b>100,000</b>	<b>124,750</b>	<b>1,044,900</b>	

CSR AMOUNT TO BE SPENT DURING THE FY : 2020-21 Rs. NIL

## ANNEXURE III

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2021

### FORM NO. MR- 3

(Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
**Surya lakshmi Cotton Mills Limited**  
Hyderabad.

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by Surya lakshmi Cotton Mills Limited (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2021 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.
2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 ("Audit Period") 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 there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not applicable during the audit period
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board Of India (Prohibition Of Insider Trading) (Amendment) Regulations, 2020
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: Not applicable during the audit period
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable during the audit period
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable during the audit period
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 ; Not applicable during the audit period and
- i. The Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.
- J. Securities and Exchange Board of India (Depositors and participants) Regulations, 2018;
- vi. The Company is into business of manufacture and sale of Cotton & blended yarns and denim fabric / garment and power generation. Accordingly, the following Industry specific Acts are applicable to the Company, in the view of the Management:
- i) The Essential Commodities Act, 1955 and rules and notifications made thereunder
- ii) The Electricity Act, 2003 and rules and regulations made thereunder
- vii. I have also examined compliance with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of board and general meetings of the Company.
- During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., mentioned above.***
3. I, further report that:
- a. 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 year under review were carried out in compliance with the provisions of the Act.
- b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
4. I, further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
5. I further report that the above mentioned Company being a listed entity and this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No.CIR/CFD/CMD1/27/2019 dated 08th February, 2019 issued by Securities and Exchange Board of India.
6. I further report that as per the information and explanation provided by the management, the Company does not have any material unlisted subsidiary(ies) incorporated in India pursuant to Regulation 16(c) and 24A of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015 during the period under review.
7. I, further report that there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above.

**K . V . Chalama Reddy**

Practising Company Secretary

Place: Hyderabad

M. No.F9268, C.P No: 5451

Date: 10.05.2021

UDIN number: F009268C000265161

This report is to be read with my letter of even date which is given as Annexure 'A' and forms an integral part of this report.

**Annexure 'A'**

To,  
The Members  
**Surya lakshmi Cotton Mills Limited**  
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad  
Date : 10.05.2021

**K.V.Chalama Reddy**  
Practising Company Secretary  
M.No.F9268, C.P.No.5451  
UDIN number: F009268C000265161

## ANNEXURE IV

### Details as required under Companies (Accounts) Rules, 2014

#### A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;	a. Spinning Humidication plant-supply & return air fans-blade angles are reduced, thus, Energy consumption reduced. b. 1 No of Roving end opener machine - Rs. 1,60,000/- c. IR 6400 CFM centrifugal air compressor installed d. LED Lights installed for street lighting and the entire factory
(ii) the steps taken by the company for utilising alternate sources of energy;	Solar Power installed for 0.5MW on rooftop.
(iii) the capital investment on energy conservation equipments;	Rs. 88 lakhs

#### B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption;	Not Applicable
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	Not Applicable
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Not Applicable
(a) the details of technology imported;	NIL
(b) the year of import;	Not applicable
(c) whether the technology been fully absorbed;	Not Applicable
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not Applicable
(iv) the expenditure incurred on Research and Development.	Rs. 47.31 lakhs

#### C. Foreign Exchange Earnings and Outgo :

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

	(Figures in Rs.Lakhs) 2020-2021	(Figures in Rs.Lakhs) 2019-20
Foreign Exchange Earned		
FOB Value of Exports	10430.08	12012.66
CIF Value of Exports	10632.56	12188.37
Foreign Exchange Used		
(a) Commission on export sales	144.62	174.81
(b) Foreign Travel Expenses	---	12.32
(c) Raw material	23.23	---
(d) Stores & Spares	743.32	806.43
(e) Foreign Technical and Consultancy Services and	7.65	5.60
(f) Others	47.31	17.74

## ANNEXURE V

# MANAGEMENT DISCUSSION AND ANALYSIS

### Indian Economy Overview

In terms of GDP, India is the world's sixth largest economy . As compared to previous year, the economy has contracted by 7.7% in FY 2021 . There are various factors that led to downward trend such as plummeting of manufacturing sector, decrease in consumption, increase in unemployment rate, distress in agricultural sector due to farmer protests etc. Government consumption and net exports have cushioned the growth from diving further down.

India has been witnessing a 'V-shaped' recovery since June 2020 with the gradual easing of restrictions on economic activities .India's mobility and pandemic trends aligned and improved concomitantly. Indicators like E-way bills, rail freight, GST collections and power consumption not only reached pre-pandemic levels but also surpassed previous year levels. The reignited inter and intra state movement and record-high monthly GST collections have marked the unlocking of industrial and commercial activity. A sharp rise in commercial paper issuances, easing yields, and sturdy credit growth to MSMEs portends revamped credit flows for enterprises to survive and grow. A palpable V-shaped recovery in industrial production was observed over the year. Manufacturing rebounded and industrial value started to normalize. Indian services sector sustained its recovery from the pandemic driven declines with PMI Services output and new business rising for the third straight month in December.

Bank credit remained subdued in FY 2020-21 amid risk aversion and muted credit appetite. However, credit growth to agriculture and allied activities accelerated to 7.4 per cent in October 2020 from 7.1 per cent in October 2019<sup>2</sup>. October 2020 saw resilient credit flows to sectors such as construction, trade and hospitality, while bank credit remained muted to the manufacturing sector. Credit growth to the services sector accelerated to 9.5 per cent in October 2020 from 6.5 per cent in October 2019<sup>2</sup>.

High food prices remained a major driver of inflation in 2020. However, inflation in December, 2020 fell back into the RBI's target range of 4+/-2 per cent to reach 4.6 per cent year-on-year as compared to 6.9 per cent in November<sup>2</sup>. This was driven by a step fall in food prices, particularly of vegetables, cereals, and protein products and favourable base effects. The Production Linked Incentive (PLI) for the food processing sector with Rs 10,900 core incentives has been approved . The decision is a fitting tribute to the farmers. This will boost production of value-added food products, attract foreign investment, and create job opportunities besides benefiting farmers with remunerative prices for the produce.

India's fuel demand rose for the fourth straight month in December as the resumption of economic activity took consumption to 11-month high, but it was about 2 per cent lower than pre-COVID levels. The demand for petroleum products in December 2020 fell to 18.59 million tonnes from 18.94 million tonnes a year back . The consumption in December was the highest since February 2020. The demand had snipped after a nationwide lockdown to curb the spread of coronavirus, shut industries and took most vehicles off-road.

India recorded a current account surplus of 3.1 per cent of GDP in the first half of the year, largely supported by strong services exports<sup>2</sup>. Weak demand led to a sharper contraction in imports (with merchandise imports contracting by 39.7%) than exports (with merchandise exports contracting by 21.2%)<sup>2</sup>. The Foreign exchange reserves rose to cover 18 months of imports in December 2020. External debt as a ratio to GDP rose marginally to 21.6 per cent at end-September 2020 from 20.6 per cent at end-March 2020<sup>2</sup>. The ratio of foreign exchange reserves to total and short-term debt improved because of the sizable accretion in reserves. Gross Value Added (GVA) growth is pegged at -7.2 per cent in FY 2020-21 as against 3.9 per cent in FY 2019-20<sup>2</sup>.

<sup>1</sup> As per world bank report

<sup>2</sup> Economic Survey 2020-21

<sup>3</sup> Finance Ministry Report

<sup>4</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1708691>

<sup>5</sup> As per data published by the oil ministry's Petroleum Planning and Analysis Cell.

**Outlook:**

India's GDP to record a growth of 12.5% in FY 2022, making the country the only major economy of the world to register a double-digit in FY 2022 amidst the coronavirus pandemic. The ongoing key reforms such as sops for manufacturing, easier labour laws, wooing FDI inflows and privatisation will help improve productivity and support long-term growth at 7.5-8 per cent levels, which if played out well, can help India contribute 15 per cent of global GDP growth by FY2026.

India's vision to become a US\$5 trillion economy by 2025, and to achieve this goal India needs to shift its gears to accelerate and sustain a real GDP growth rate of 8%. As per survey, to achieve this goal needs to depart from traditional thinking by viewing the economy as being either in a virtuous or a vicious cycle and thus never in equilibrium. The macroeconomic phenomena should be considered as a complementary to each other. This can be done by creating the virtuous cycle with investment, especially private investment, as the main driver can enable growth in each of these important macro variables. In this uncertain world, three key elements are necessary: a vision, a strategic blueprint to achieve the vision, and practical tools to recalibrate constantly to the strategic blueprint.

**Indian Textile Industry**

Textile is one of India's oldest industries and has a formidable presence in the national economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

The Indian textile industry contributes to 14% of industrial production, 4% of country's GDP, 17% of export earnings. It is the second largest provider of employment, after agriculture, and provides direct employment to over 35

million people. The current size of the industry at US \$80 billion, with substantial export earnings growth in the recent years, is expected to reach US\$ 221 billion by 2021.

India is the largest producer of cotton & jute in the world. It is the second largest manufacturer of PPE and producer of polyester, silk and fibre in the world. Development of a new industry valuing Rs 7000 Crore with 1100 PPE manufacturers producing a peak of 4.5 lakh units per day, whose global market worth is expected to be over US\$92.5 Bn by 2025. Its share in mercantile exports is 12% and the exports of merchandise were US\$ 24.82 billion in October 2020, as compared to US\$ 26.23 billion in October 2019. Indian apparel market is expected to reach US\$ 85 billion by 2021. India's apparel import reached US \$ 60.39 million in Feb. '21, noting 6.43 per cent Y-o-Y surge. Bangladesh was the top import destination as Indian buyers imported US \$ 35.66 million worth of garments from the neighbouring country, which is a surge of 12.63 per cent<sup>12</sup>.

It is expected that India's apparel retail sector to show an improving outlook for fiscal 2021-22. After a complete washout in the first quarter of this fiscal (Q1 FY21) and the gradual store openings, rising footfalls and relaxations in the lockdown norms since then, the recovery in apparel segment has seen a quarter-on-quarter improvement with sales rebounding to near 80 per cent of the pre-COVID levels during Q3 FY21. The recovery is expected to continue in FY22 on back of improving consumer confidence, resumption of store expansion by organised players and prospects of the vaccine rollout. Although the pressure on discretionary spending, possibility of a second wave of infection in certain states and subsequent travel restrictions continue to pose a threat to the recovery, improved cost structures, liquidity enhancement measures and Omni-channel push should provide cushion to glide through the same.

The grant to the textiles and clothing sector in Union Budget 2021-22 is Rs 3,614.64 crore, about 10% higher than the revised Budget amount of Rs 3,300 crore in 2020-21. The Budget also puts emphasis on infrastructure development and research & capacity building as the grant for these sectors has been increased by about 43.7% and 77.5%, respectively, compared to last year.

Enhancing India's textiles competitiveness globally,

<sup>6</sup> As per IMF

<sup>7</sup> Report by the Indian economist at UBS Securities

<sup>8</sup> Economic Survey Outlines strategic Blueprint

<sup>9</sup> <http://texmin.nic.in/>

<sup>10</sup> <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1684735>

<sup>11</sup> <https://www.investindia.gov.in/>

<sup>12</sup> Ministry of Commerce

<sup>13</sup> As per research report by India Rating & Research (Ind-Ra)

alongside PLI, the scheme for Mega Integrated Textile Regions and Apparel Parks (MITRAs) has been announced in the Budget 2021-22, creating world class infrastructure with plug n play facilities. These 7 Textile Parks to be established over 3 years. Under the Scheme for Integrated Textile Parks (SITP), 59 textile parks were sanctioned, out of which, 22 have been completed .

To support the handloom and handicraft sectors and to enable wider market for handloom weavers/artisans/producers, steps have been taken to on-board weavers/artisans on Government e-Market place (GeM) to enable them to sell their products directly to various Government Departments and organizations<sup>14</sup>. As on 31-03-2021, 1,75,749 weavers/ artisans/ handloom entities have been registered on GeM portal. Under Weavers' Mudra Scheme, In March 2021 alone, 81 number of MUDRA Loans worth Rs. 45.00 crore were sanctioned. In order to promote Handlooms in overseas market, Four International Expos - Indian Hand-woven and Home textiles Sourcing were participated by Handloom Export Promotion Council in different countries on virtual mode during March 2021 at Australia & New Zealand; USA & Canada; Japan and Spain, France & Italy<sup>1</sup>.

#### Growth Drivers

- India has an abundant availability of raw materials like cotton, wool, silk and jute. It also enjoys the advantage of a large population with a lot of skilled manpower, in comparison to other countries.
- Indian domestic market has performed better than the largest consumption regions such as US, EU and Japan. Factors such as increasing population, increasing disposable income, growing consumer market, changing taste and preferences and emergence of a growing retail sector makes India a favourable market for textile industry.

#### Favourable push from the government initiatives

- 100% FDI is allowed in the textile sector under the automatic route.
- Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms.
- In October 2020, the Cabinet Committee on Economic Affairs chaired by Mr.Narendra Modi approved mandatory packaging of 100% food grains and 20% sugar in jute bags. Under the Jute Packaging Materials

(Compulsory Use in Packing Commodities) Act, 1987, the government is required to consider and provide for the compulsory use of jute packaging materials for supply.

- Government launched production linked incentive scheme to provide incentives for manufacture and export of specific textile products made of man-made fibre.
- On September 2, 2020, the Union Cabinet approved signing an MOU between textile committee, India and M/s Nissenken Quality Evaluation Centre, Japan, for improving quality and testing Indian textiles and clothing for the Japanese market. This India-Japan pact on cooperation in textiles will facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical regulations.
- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - readymade garments and made-ups - from 2% to 4%.
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), estimated to create employment for 35 lakh people and enable investment worth Rs. 95,000 crore (US\$ 14.17 billion) by 2022.
- Integrated Wool Development Programme (IWDP) was approved by Government of India to provide support to the wool sector, starting from wool rearer to end consumer, with an aim to enhance quality and increase production during 2017-18 and 2019-20.
- Integrated Skill Development Scheme for the Textiles and Apparel Sector (ISDS) scheme aims to provide specific skills as per the requirement of apparel and other segments of textile industry, as well as employee-trained person in related occupations. The scheme would be implemented through institutions/textile research associations under Ministry of Textiles, State Government Agencies and private bodies in Public Private Partnership (PPP).
- Samarth (Scheme for Capacity Building In Textile Sector) aims to provide a demand-driven, placement-oriented skilling program to incentivise the efforts of the industry in creating jobs with a target to train 10L persons
- Under Powertex India 3497 looms have been upgraded under the in-situ Up gradation Scheme for Plain Power

<sup>14</sup> <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1684735>

loom and Rs.3.35 crores have been released. In the Group Work shed Scheme Rs.24.18 crores have been released to 51 projects. In the Common Facility Centre Scheme Rs.5.39 crores have been released to 3 projects. Under Pradhan Mantri Credit Scheme for Power loom weavers Rs.5.96 crores have been released to 49 units. Under Grants-in-Aid to TRAs and State Govt. Power loom Service Centres (PSCs) Rs.4.71 crores have been released to 32 Power loom Service Centres.

- Niti Ayog will be working in collaboration with the textile ministry in setting up mega textile firms, which will improve the competitiveness of the textile industry, and help them to expand their exports for both the fabric and the garment sectors.
- Integrated Processing Development Scheme (IPDS) enables the textile processing sector to meet environmental standards through appropriate technology including marine, riverine and Zero Liquid Discharge (ZLD).

## Indian Denim Industry:

The enduring appeal of denim is that in the 140-odd years of its existence, it's become one of the most popular fabrics in the world. The fabric remains a favourite among young designers, experimenting with cut, wash and finish to take familiar denim jackets and jeans to surreal new heights and consumers who are accepting these variations positively.

Ideas around age are changing; 30 is the new 20, and 40 is the new 30 – and with this, a new, youthful focus permeates fashion, with broad appeal across generations. The line between 'grown-up' and 'youthful' clothes is blurring. Street inspired collections and street wear fashion is on a rise. This displays in clothing that overlaps the line between casual and smart. Nostalgia will always play an important role in fashion.

The emerging markets across the Asia-Pacific (APAC) region are set to play a crucial role in the revival of the global jeans market to its pre-COVID-19-pandemic level growth by 2022. The COVID-19 induced lockdowns led to store closures, which dampened the overall apparel spend, including denim jeans, as people's lifestyles changed to prefer comfortable clothing to be worn at home.

APAC registered a growth in demand for denim over the years supported by rapid urbanization, cheaper connectivity, growing investment in the digital space and a strong domestic demand. Within APAC, India is forecast to grow the fastest, driven by large investments by

international and local retailers on online platforms. The men's jeans market is larger than the women's market and casualization of the workplace will help to sustain the men's jeans market. Brands need to encourage women to buy more using strategies such as incorporating comfort in jeans by using softer fabrics, going beyond the conventional size ranges, as well as offering the opportunity to customize products based on personal preferences.

With the rising work- from-home initiated by several employers globally, the demand for comfortable clothing has significantly increased. This comes along with consumers preferring at leisure more to wear casually as well as while working out. In addition, younger generations are more concerned about the environment and the impact that brands have in their production process. Thus, retailers must incorporate more stretch and comfort in jeans to cater to this requirement as well as look into sustainable sourcing as jeans have a higher water usage and overall environmental impact compared to other apparels.

Beach-inspired casualwear is updated, with retro references from the 70s inspiring striking graphics and textures, while hybrid styling with global crafts and Eastern influences adds sophistication. Resort-inspired trend focuses as much on how we feel in our clothing as how we feel about it. Easy tailoring and smart casualwear are inspired by 80s leisurewear and country club styles. Denims in striking blue or stark white are teamed with formal shirting and lightweight outerwear for a slick take on off-duty style.

Different kinds of colour dyes and dyeing techniques are gaining popularity, and this story goes one step further by using dyes on denim products. Over dyed and tinted jeans are some of key fashion products this season. Classic stripes are spliced in this story, and solid denim is interrupted with flashes of global craft patterns in striking tones.

High functionality and utility details will be a popular trend this season. Versatile products crafted out of rigid and stretch fabrics with functional details will be looked upon. Ergonomic patterning and construction will be added to the product. Consumers will be looking for multi-purpose jeans, which can be worn at different occasions, and a single pair can solve dressing complexities of the entire day.

Indian Denim Industry is showing a notable increase in recent years. Indian denim brands and manufacturers are focusing on increasing their export globally. Considering the significant proportion that India commands inside the international trade of textile and garb, and the industry is ready to add more exceptional manufacturing capabilities.

Along with a boom in potential, encouraging fabric

<sup>15</sup> As per GlobalData

guidelines and favourable exchange fee moves could help India achieve a large export boom. The Indian government is taking many initiatives to enhance the country's textile area. The benefits offered by government authorities are in all likelihood to percolate to the Indian denim industry in the coming years. This will also ensure its steady growth, and fuel the growth of the denim industry in India.

## Company Overview

Founded in 1962, Suryalakshmi Cotton is one of India's leading integrated premium yarns to denim to garment manufacturing company with over five decades of market leadership. Since the past two decades, it has become the Original Denim Manufacturers (ODM) supplying to the top global and domestic brands with a significant market share in the premium denim sector. We create one of the most superior quality yarn, premium denim and garments with cutting-edge design, latest spinning technology and end to end manufacturing plants, for leading private labels, fashion brands and retail chains in 29 countries across the globe. Using future-ready automation and measurement-led controls, we deliver profitable growth with responsible business conduct.

### Core Competencies:

**Premier ODM:** SCML is one of the largest Original Denim Manufacturers (ODM) in the country. The Company is a partner to top Global and Indian brands such as, Pantaloons, Spykar, Wrangler etc. and has also collaborated with leading denim designers from Europe to cater dynamic fashion requirements.

**Key Collaborations** - - SCML is the one of the biggest supplier to Walmart and a key vendor for VF Corporation in USA & India. It is also one of the largest vendors for the European business of NEXT & MATALAN (UK Brands). Besides, the Company is a core supplier of Levi's flagship Levi's brand.

**Future Ready:** The Company has built manufacturing excellence in premium spinning yarn and overall operational efficiencies in the past few years. We are future ready to cater to the needs of "Denim Economy", as India has shown to grow at a CAGR of 12-15% over the last decade. We believe domestic demand will be driven by growth in India's young population, rising incomes and organized retailing and we have readied ourselves to ride this Denim Economy in the coming decade. Our Quick Response methodology helps us to provide Fast Fashion to markets quickly.

**Fast Fashion:** : Due to changing trends and styles, there is a need for quick replication and immediate responses to industry demands. We work in close collaborations

with global and local customers' design, sourcing and production teams to help bring the latest denim trends to market with speed

**Design Approach** - The Company has adopted a dynamic design approach that is primarily based on the latest fashion trends and customer tastes & preferences. This has driven SCML to manufacture and offer innovative denim apparels with unique style, texture, material and finish. Moreover, it has helped the Company to channelize their product development efforts towards consumer preferences.

**Just in Time Inventory Approach** - Using the 'Just in Time' inventory approach to accelerate the production from the design stage to the production floor. The Company's forward and backward-integrated facilities help produce superior and specialized denim styles with quick production turnarounds to create an agile denim supply chain.

**Value added products** - With a continuous and unwavering aim of satisfying customer's needs, the Company has focused on developing of qualitative products that resonate with changing tastes and preferences of the customers. The Company manufactures value added denim fabrics and polyesters that has driven the Company to create a competitive edge and has enabled to collaborate with global multinationals.

**Technology** - The Company manufacturing facilities are equipped with modern state-of-the-art equipment procured from top-notch global suppliers. This helps the Company to create the finest yarn, premium quality denims for leading global brands and helps innovate and keep pace with the changing market trends and fashion curve.

**Market Presence** - The Company has a proved record of operation in the Indian denim and spinning segments with established business channels in both domestic and export markets. The Company has pioneered the market with its innovative and evolving fashion sense and product intelligence that helps into compete in the global market. The Company has partnered with some of the leading international brands such as JC Penny, Vero Moda, Myntra, Walmart etc. in 31 countries across the globe. This has helped the Company to create a strong foothold and gain competitive edge both in the domestic and international denim market.

### Integration

In a dynamic fashion and apparel industry, where the lifecycle of a fashion product is getting shorter with each passing day, SCML aims to keep its customers 'satisfied' and provides them a wide range of top-quality products to choose from. With integrated modern state-of-the-art manufacturing facilities, the Company delivers innovative

designs to the customers. Through an integrated system of tools, techniques and training process, the Company understands and evaluates the changing trends and stays ahead of the curve by predicting the future trends. The Company has garnered significant excellence and is associated with the top 20 global fashion and retail brands.

### Accreditations

The Company's robust manufacturing operations are in line with the global standards and have earned multiple global certifications across important areas including quality, environment, health & safety, as well as ethical values. The facilities are monitored, audited and verified by independent bodies on a timely basis.

The quality certifications of SCML can be elaborated as under:

- ISO 14001:2015 Certified
- ISO 9001:2015 Certified
- Oeko-Tex Certification
- Better Cotton Initiative
- Higg Index Certified
- Sedex members Ethical Trade Audit (SMETA)
- We also certified with GOTS, OCS, GRS & RCS

### Product Portfolio

Since the last two decades, Suryalakshmi has been providing end-to-end denim solutions including premium yarn, denim fabric and garments to fashion markets in 29 countries across the globe. We have pioneered innovations in denim manufacturing, gaining an edge in domestic and global markets.

### Yarn

Suryalakshmi Cotton manufactures specialized, high-performance cotton, polyester and blended yarns for exports, local markets and for its denim business. Our R&D focus and in-depth knowledge of raw materials enables us to create super specialty and functional yarns with optimized properties.

At Suryalakshmi Cotton, we produce yarn using state-of-the-art technology and world-class machinery from top-notch suppliers globally. With a focus on modernization and automation, we leverage our world-class R&D facilities to study the emerging trends in yarn technology and fashion. This enables us to keep pace with changing market trends and achieve benchmark quality standards that meet every requirement in the denim value chain.

Our dedicated team of quality personnel ensures that every length of yarn that rolls out of our manufacturing units meets international quality standards, achieving quality levels of Uster 5%. Our emphasis on quality control at every stage of manufacturing ensures a superior finish of yarn products.

### Quality Measures

- Well planned process controls
- Stringent checks round the clock
- 100% testing instead of random checking
- Online data monitoring by Autoconer- yarn clearer
- Stringent monitoring and control of Count c v %, Hairiness, Autoconer clearer cuts, UV lamp inspection and contaminations

### Manufacturing Facilities

**Amanagallu - manufacturing capacity** - spindles per annum

**Amravati Unit - manufacturing capacity** - spindles per annum

### Spinning Division

**88,752** Spindles

Installed capacity as on 31st March 2021

**78.14** %

Overall Capacity Utilization during FY 2021

**27837.13** INR lakhs

Total net revenue during the year (Yarn)

### Denim

Since the last two decades, Suryalakshmi Cotton has started denim cloth manufacturing as a forward integration strategy; it conducts cutting-edge research to design, engineer and produce specialty denim fabrics to meet the unique needs of global fashion markets. We have a state-of-the-art fully integrated fabric manufacturing facility in Ramtek (Nagpur, Maharashtra). With an installed capacity of 40 million meters per annum, we enable one of the highest per meter sales price realization in the industry.

Our fabric development process starts with the customer. We custom-engineer a limitless combination of finish chemistries for diverse fabric needs. With the latest equipment for dyeing, weaving and finishing, we have provided over 3,000 different varieties of specialty fabrics to customers across the globe.

### Fabrics & finishes

- Coloured varieties from pure indigo to black to variants of sulphur
- Mercerized
- Dyed, coated
- Stretch & rigid
- Special purpose fabrics.

### Manufacturing Facilities

#### Denim Division & Power Plant

The Company has a state-of-the-art fully integrated fabric manufacturing facility in Ramtek (Nagpur, Maharashtra). The Company's facilities are equipped with the latest equipment for dyeing, weaving and finishing to offer over 3,000 different varieties of specialty fabrics to customers across the globe. The Company's performance-oriented fabrics are specially designed keeping the end-use in mind. To meet diverse end-product needs, the Company offers customisations ranging from light fabrics that are breathable & airy to a variety of denim blends that are meant to retain the shape and durability. Every product that the Company makes undergoes rugged tests and stringent quality procedures to ensure high quality performance. With a commitment to sustainability, the Company's products are created with a near zero environment impact, deploying safe & green technologies.

**40** million metres per annum

Manufacturing Capacity

**67.36** %

Capacity Utilisation level during FY 2021  
(affected by pandemic)

**20958.85** INR lakhs

Total net revenue during the year (Yarn)

**30**

Countries of Export

### Product Mix

#### Range

- Mercerized Denims - Stretch & Rigid
- Coated Denims - Stretch & Rigid
- Normal finish - Stretch & Rigid
- Cotton / Polyester - Stretch & Rigid
- Colour Denims - Yarn Dyed / Over Dyed Stretch & Rigid
- Mill washed Denim - Stretch & Rigid

Our design and trending teams conduct ongoing trend research for internal product development of colours, grains and finish attributes. Our ability to create custom designs and innovations provides an infinite range of possibilities for our customers. With these changing aspirations and continuing endeavour to innovate, the Company is committed to deliver premium quality denim products to its diversified client base. The Company with its highly versatile and competent R&D team has created over 3000 high quality denim variants with quick production turnarounds. Additionally, the Company continuously collaborates with international teams to keep itself updated with latest technological and fashion trends. This has helped the Company gain a competitive edge in the global denim market and strengthen its relations with its partners. The Company researches and manufactures niche fabrics, in terms of textures, washes, colours and shades, every year.

### Summer and Winter Collections

To cater to a large customer base that is spread across the globe, the Company has set up a fashion research team that studies the ongoing trends in the fashion industry from all over the world and collects inputs from customers, brands and suppliers. Further value addition is done to the garments in terms of finishing, fibre blends, functional denims like coolmax, toughmax, anti-microbial, moisture management fabrics, etc. This has allowed the company to be a global company that is preferred not just by top domestic brands but also by top international brands. This practice has enabled the Company to launch attractive spring-summer and autumn-winter collections every year and emerge as an important partner instead of just another manufacturing supplier.

### Material developments on Human Resources-Industrial Relations Front

There were no material development in the Human Resources area. The Industrial relations were generally satisfactory. The Company reviews its manpower requirement and has a dedicated and well-equipped

department to take care of the same. The total number of people employed by the Company is 2034.

#### **Internal Control Systems and their Adequacy**

The Company has an adequate internal control system in place, commensurate with the size and complexity of the organisation. A comprehensive review of all internal control systems have been carried out to take care of the Company's expanding size and resulting needs. The IT support systems have also been upgraded for the same. A system of internal audit to meet the statutory requirement as well as to ensure proper implementation of management and accounting controls is in place. The Audit Committee periodically reviews the adequacy of the internal audit functions.

#### **Cautionary Statement**

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

## ANNEXURE VI

### Statement of particulars as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year ended 31st March 2021;

Sl. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Sri L.N.Agarwal	68.99
2.	Sri Paritosh K. Agarwal	62.09
3.	Smt. Padmini Agarwal*	22.70

\* Resigned on 07/11/2020

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Sl.No.	Name of the Director	Percentage increase in the remuneration
1.	Sri L.N.Agarwal	nil
2.	Sri Paritosh K. Agarwal	nil
3.	Smt. Padmini Agarwal *	nil
4.	Sri Siddhant Sharma	nil
5.	Sri E.V.S.V.Sarma	nil
6.	Sri P.S.Subramanyam	nil

\* Resigned on 07/11/2020

(iii) The percentage increase in the median remuneration of employees in the financial year;

nil

(iv) The number of permanent employees on the rolls of company;

There are 2034 employees on the rolls of the Company.

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

NIL

(xii) Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration paid to the Key Managerial Personnel is as per the Remuneration Policy of the Company.

On behalf of the Board

Place :Secunderabad

Date :10th May, 2021.

L.N.Agarwal

Chairman & Managing Director

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**List of Top 10 salaried employees for the financial year ended 31st March, 2020.**

S. No	Name of the employee	Designation	Remuneration received (INR) in Lakhs	Nature of the employment	Qualification	Experience in years	Organisation worked for before Surya Lakshmi	Date of commencement of the employment	Date of Birth	Age of the employee	% of the equity shares held by the company	Whether the employee is relative of any Director or Manager
1	Mr. L N Agarwal	Chairman & Managing Director	50.43	Regular	Undergraduate	59	NIL	6/22/1994	9/8/1933	88	8.18	Yes
2	Mr. Paritosh Agarwal	Managing Director	45.58	Regular	Graduate	26	Suryavanshi Spinning Mills Limited	9/6/1994	3/18/1973	48	8.87	Yes
3	Mr. Siddhant Sharma	CEO-Denim Division	25.54	Regular	B.Tech (Textile)	32	ETCO Denim	2/27/2017	7/8/1964	57	5.83	Yes
4	Mrs. Padmini Agarwal	Wholesale Director	17.21	Regular	Graduate	11	Suryakiran International Limited	5/15/2010	1/1/1975	46	Nil	No
5	Mr. E V S V Sarma	Company Secretary	14.64	Regular	B.Sc. ACMA, ACS, LLM	40	Transport Corporation of India Limited	5/3/1995	2/11/1951	69	Nil	No
6	Mr. Prabal Kumar Bhatnagarjya	GM - Exports	14.3	Regular	Masters in Management; Masters Diploma in International Trade	26	RSWM Ltd	4/18/2014	8/1/1969	52	0.03	No
7	Mr. P Siva Subramanyam	President (Finance)	13.69	Regular	B.Sc. ACA	33	Andhra Cements Limited.	9/1/1992	12/15/1961	59	Nil	No
8	Mr. Vasudeo Tipre	GM - Exports	13.13	Regular	B.Sc Statistics, MBA Marketing	27	Maafatal Industries Ltd-Denim Division	9/25/2014	6/28/1969	52	Nil	No
9	Abhijit Sen	Vice President	12.52	Regular	M.Tech(Textiles), Diploma in Business Management	30	Deege Cotsyn Private Limited	1/21/2015	12/22/1968	53	Nil	No
10	Santosh Kumar Agarwal	Vice President - Finance & Accounts	10.85	Regular	B.Com.ACA	31	Grasim Industries Ltd	7/9/2008	4/3/1964	57	Nil	No

# **Financial Statements**

# Independent Auditors' Report

To The members of **The SURYA LAKSHMI COTTON MILLS Limited**, Hyderabad

## Report on the Financial Statements:

### Opinion

We have audited the accompanying financial statements of THE SURYA LAKSHMI COTTON MILLS LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further

described in the Auditors responsibility for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Emphasis of Matter

We draw attention to Note 35.4.12 in the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting consumer demand, prices and personnel available for work at Manufacturing facilities. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key Audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No. Key Audit Matters	Auditor's Response
<p><b>1 Valuation of inventories</b></p> <p>The value of inventory, as at the balance sheet date amounted to Rs125.23 crores accounting for 35.00% of total current assets. Inventories are considered as key audit matter on account of its significant proportion in the total current assets and it involves judgement in its valuation, taking into account the obsolescence and measuring inventories at the lower of cost and Net realisable value.</p> <p>refer to Note 1.5 for the accounting policy on valuation of inventories</p>	<p><b>Principal audit procedures</b></p> <p>To address the risk for material error on inventories, our audit procedures inter alia include:</p> <ul style="list-style-type: none"> <li>• assessing the compliance of company's accounting policies over inventory with applicable accounting standards;</li> <li>• assessing inventory valuation processes and practices, in some locations we tested effectiveness of the key controls;</li> <li>• evaluating the assessments made in relation to slow moving and obsolete stock.</li> </ul> <p>We assessed the adequacy of company's disclosures related to inventories.</p>
<p><b>2 Evaluation of uncertain tax positions</b></p> <p>The company is subjected to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct and indirect tax matters. There are material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>Refer Note No. 19, &amp; 35.4.2 to the Financial Statements.</p>	<p><b>Principal audit procedures</b></p> <p>We performed the following procedures in this regard:</p> <ul style="list-style-type: none"> <li>• evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter.</li> <li>• discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the management.</li> <li>• we also evaluated the independence and competency of the management's legal expert.</li> <li>• obtained and tested evidence to support the management assessment with regard to non-provisioning against the demand.</li> </ul> <p>Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.</p>
<p><b>3 Non Current assets held for sale and Discontinued Operations</b></p> <p>As disclosed in Note no 33 the Company has discontinued the Garment Division operations in December 2019 as decided in the Board meeting held on 16.12.2019</p> <p>Accounting for Non current assets held for sale and presentation of Discontinued operations contain several judgements that affects the timing, presentation of Profit and loss account and measurement of Balance sheet items</p> <p>The application of IND AS 105: "Non current assets held for sale and Discontinued Operations " is significant to our audit because of significance of amount , the transaction and accounting involved.</p> <p>The company has presented the Discontinued operations as per the accounting principles and reclassified the revenue, expenses and taxes pertaining to Discontinued operations for all the periods presented under the report.( Refer note 33)</p>	<p><b>Principal Audit Procedures:</b></p> <ul style="list-style-type: none"> <li>• Ensured that Non-Current Assets Held for Sale belonging to Discontinued operations Division are Classified as such in accordance with the requirements of Ind AS 105</li> <li>• Obtained and read the sale agreements wherever entered into by the Company for Disposal of Non current assets held for sale</li> <li>• Assessed Management's Valuation of assets belonging to Discontinued operations Division and ensured that they are presented at the lower of the Carrying amounts and fair values less cost to sell the same.</li> <li>• Traced Disclosure information relating to the Discontinued operations to accounting records and other supporting Documents</li> </ul>

## Report on Other information other than Financial statements

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

## Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of Ind AS financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014;
  - e) on the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) with respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
  - g) with respect to Managerial Remuneration to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid

to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) with respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has no pending litigations that would impact its financial position. However, the company has disclosed all pending litigations as contingent liabilities. - Refer Note 35.1 to the Ind AS financial statements;
- ii. the Company has no long term contracts and did not have derivative contracts; and
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

for K. S. RAO &Co  
Chartered Accountants  
Firm Regn No:003109S

**(P.GOVARDHANA REDDY)**

Partner

Place: Hyderabad

Date: 10-05-2021

MembershipNo:029193

UDIN:21029193AAAAIB2720

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of Surya Lakshmi Cotton Mills Limited for the year ended 31st March 2021.

### We report that:

- (i) a. the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets;
- b. the Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification;
- c. according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- (ii) the inventory has been physically verified by the management at reasonable intervals during the year under report and the discrepancies noticed during such physical verification of inventories as compared to book records have been properly dealt with in the books of account;
- (iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the said Order are not applicable for the year under report;
- (iv) in our opinion and according to the information and explanations given to us, the Company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of Section 186 of the Companies Act 2013, in respect of investments made by the Company.
- (v) the Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company
- (vi) we have broadly reviewed the books of account and records 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 we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) according to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the Company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, . duty of Customs, cess and other material statutory dues applicable to it; and  
  
according to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of customs ,duty of Excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable;

- (b) According to the records of the Company, the information and explanations given to us, the dues of Sales tax, Income tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of dispute are as follows:

Nature of the Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Maharashtra Gram Panchayat Act	Gram Panchayat Tax	100.27	2015-16 to 2020-21	Divisional Commissioner, Maharashtra State, Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	29.43@	2015-16	Commissioner, Sales Tax (Appeals)
Central Sales Tax Act	Central Sales Tax	28.82#	2001-02	Dy. Commissioner (Commercial Tax), Begumpet Division, Hyderabad
Maharashtra Value Added Tax Act	Value Added Tax	23.69*	2013-14	Commissioner of Sales Tax (Appeals), Nagpur
Customs Act, 1962	Custom Duty	61.49	2009	Hon'ble High Court of Judicature at Hyderabad

The Company has pre-deposited part of the tax demand in getting the stay/appeal admitted as given here under.

@ Rs.1.52 Lacs towards MVAT for FY2015-16 and (\*) Rs.1.25 Lacs towards MVAT for FY2013-14 pre-deposited as 10% of tax demand of MVAT while filing appeal.

# Rs.28.82 Lacs deposited under protest towards Central Sales Tax demand

- viii) according to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks during the year under report;
- ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year;
- x) During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the management;
- xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act 2013;
- xii) The company is not a chit fund or a nidhi / mutual benefit fund/society and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report.
- xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections

177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;

- xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year ;

xv) according to the information and explanations given to us and based on our examinations of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Therefore, the provision of clause 3(xv) of the Order is not applicable;

xvi) the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934

for K. S. RAO &Co  
Chartered Accountants  
Firm Regn No:003109S

**(P.GOVARDHANA REDDY)**

Partner

Place: Hyderabad

Date: 10-05-2021

MembershipNo:029193

UDIN:21029193AAAAIB2720

## ANNEXURE-‘B’ TO THE INDEPENDENT AUDITORS’ REPORT

The Annexure referred to in Paragraph 2(f) under the heading “Report on other Legal and Regulatory Requirements” of our report of even date, to the members of Surya Lakshmi Cotton Mills Limited for the year ended 31st March 2021

### Report on Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act,2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **Surya Lakshmi Cotton Mills Limited** (“the Company”) as of 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls with reference to financial statements

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls over financial reporting” issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act,2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements

#### Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

for K. S. RAO & Co  
Chartered Accountants  
Firm Regn No:003109S

**(P.GOVARDHANA REDDY)**

Partner

Place: Hyderabad

Date: 10-05-2021

Membership No:029193

UDIN:21029193AAAAIB2720

# BALANCE SHEET

as at 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2(A)	32,220.65	33,693.23
(b) Capital Work-in-progress	2(B)	181.73	186.68
(c) Other Intangible assets	3	19.50	20.93
<b>(d) Financial Assets</b>			
(i) Loans	4	558.62	573.99
<b>(2) Current assets</b>			
(a) Inventories	5	12,523.33	15,669.90
<b>(b) Financial Assets</b>			
(i) Investments	6	7.73	5.21
(ii) Trade Receivables	7	12,893.60	12,296.87
(iii) Cash and cash equivalents	8	964.32	384.21
(iv) Bank balances other than (iii) above	9	996.40	956.21
(v) Loans	10	60.29	20.14
(vi) Other financial assets	11	5,684.74	6,013.09
(c) Current Tax Assets (Net)	12	180.41	139.70
(d) Other current assets	13	2,283.86	1,391.71
(e) Non-Current Assets held for Sale	14	186.89	1,282.11
<b>Total Assets</b>		<b>68,762.07</b>	<b>72,633.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	15	1,844.53	1,844.53
(b) Other Equity	16	21,527.39	21,818.85
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	17	9,658.89	11,399.11
(b) Provisions	18	817.30	797.36
(c) Deferred Tax Liabilities(net)	19	2,388.09	2,496.28
(d) Other non-current liabilities	20	13.13	19.70
<b>(2) Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	21	17,018.66	18,163.22
<b>(ii) Trade payables</b>			
- total outstanding dues of micro enterprises and small enterprises; and	22		22.21
- total outstanding dues of creditors other than micro enterprises and small enterprises	22	8,887.27	10,732.29
(iii) Other financial liabilities	23	5,877.90	3,778.34
(b) Other current liabilities	24	412.55	1,226.89
(c) Provisions	18	316.36	335.20
<b>Total Equity and Liabilities</b>		<b>68,762.07</b>	<b>72,633.98</b>
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

**(P Govardhana Reddy)**

Partner

Membership No. 029193

**(E.V.S.V. Sarma)**

Company Secretary

**(L. N. Agarwal)**

Chairman &amp; Managing Director

DIN: 00008721

**(Paritosh K. Agarwal)**

Managing Director

DIN: 00008738

Place: Hyderabad

Date: 10-05-2021

**(P.S. Subramanyam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note No.	Current Year 31st March, 2021	Previous Year 31st March, 2020
<b>I. Revenue from operations</b>	25	48,584.76	53,886.82
<b>II. Other income</b>	26	263.43	323.73
<b>III. Total Revenue (I+II)</b>		<b>48,848.19</b>	<b>54,210.55</b>
<b>IV. Expenses</b>			
(i) Cost of materials consumed	27	27,120.29	32,332.42
(ii) Purchases of stock-in-trade		147.25	5,007.14
(iii) Changes in inventories of finished goods and work-in-progress	28	3,965.10	(3,323.22)
(iv) Employee benefits expense	29	4,039.26	5,131.72
(v) Finance costs	30	3,490.03	3,279.89
(vi) Depreciation and amortization expense	2,3	2,021.99	2,202.19
(vii) Other expenses	31	9,884.92	11,878.26
<b>Total expenses (IV)</b>		<b>50,668.84</b>	<b>56,508.40</b>
<b>V. Profit / (Loss) before Exceptional Items and tax (III-IV)</b>		<b>(1,820.65)</b>	<b>(2,297.85)</b>
VI. Exceptional Items	32	1,126.04	2.49
<b>VII. Profit / (Loss) before tax ( V+ VI )</b>		<b>(694.61)</b>	<b>(2,295.36)</b>
<b>VIII. Tax expense of continuing operations :</b>			
(1) Current tax			-
(2) Deferred tax	35.4.2	(201.03)	(687.72)
(3) Income tax of earlier year			-
<b>IX. Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(493.58)</b>	<b>(1,607.64)</b>
X. Profit/(loss) from discontinued operations	33	309.64	(2,274.36)
XI. Tax expenses of discontinued operations	33	98.21	(704.54)
<b>XII. Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>		<b>211.43</b>	<b>(1,569.82)</b>
<b>XIII. Profit/(loss) for the period (IX+XII)</b>		<b>(282.15)</b>	<b>(3,177.46)</b>
<b>XIV. Other Comprehensive Income</b>			
<b>A. (i) Items that will not be reclassified to profit or loss</b>	34	(14.67)	(191.56)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		5.36	60.10
<b>B. (i) Items that will be reclassified to profit or loss</b>		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>(9.31)</b>	<b>(131.46)</b>
<b>XV. Total Comprehensive Income for the period (XIII+XIV)</b>		<b>(291.46)</b>	<b>(3,308.92)</b>
<b>XVI. Earnings per equity share (face value of ₹ 10/-) - Basic and Diluted</b>			
(i) for continuing operations		(2.96)	(9.64)
(ii) for discontinued operations		1.27	(9.42)
(iii) for discontinued & continuing operations		(1.69)	(19.06)
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

For and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

**(L. N. Agarwal)**

Chairman &amp; Managing Director

DIN: 00008721

**(P Govardhana Reddy)**

Partner

Membership No. 029193

**(E.V.S.V. Sarma)**

Company Secretary

**(Paritosh K. Agarwal)**

Managing Director

DIN: 00008738

Place: Hyderabad

Date: 10-05-2021

**(P.S. Subramangam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# CASH FLOW STATEMENT

for the year ended 31st March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
<b>A Cash flow from Operating Activities:</b>		
Profit Before tax from continuing operation	(694.61)	(2,295.36)
Adjustments for:		
Profit/(loss) from discontinued operations before tax	309.64	(2,274.36)
Loss on valuation of assets held for sale at Fair Market Value	-	1,377.86
Depreciation and Amortisation (Incl. Depreciation on discontinued operations)	2,202.02	2,411.43
Actuarial Gain/(loss) on Defined Benefit plans	(17.19)	(192.65)
Loss/ (Gain) on sale of tangible assets (net)	(2,418.89)	(14.51)
Interest Income	(75.93)	(87.93)
Finance Costs	3,640.93	3,588.50
	<b>2,945.97</b>	<b>2,512.98</b>
<b>Operating profit before working capital changes</b>		
Adjustments for (increase)/decrease in operating assets		
Inventories	3,146.57	(2,634.69)
Trade Receivables	(596.74)	4,527.48
Loans - Non current	15.37	(1.40)
Loans - current	(40.15)	18.81
Other financial assets - current	260.27	(662.42)
Other financial assets - Non current	-	0.74
Other non financial assets - current	(565.39)	593.29
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	(1,867.24)	2,183.95
Other financial liabilities	104.15	(95.91)
Short term provisions	(18.84)	(41.26)
Long term provisions	19.94	137.80
Other Non financial liabilities	(22.70)	(41.80)
<b>Cash generated from operations</b>	<b>3,381.21</b>	<b>6,497.57</b>
Income tax paid	(40.70)	(8.05)
<b>Net Cash flow from/(used in) operating activities</b>	<b>3,340.51</b>	<b>6,489.52</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(476.44)	(196.07)
Proceeds from sale of Property, plant and equipment	2,195.79	874.00
Interest income Received	50.57	82.43
<b>Net Cash flow from/(used in) investing activities</b>	<b>1,769.92</b>	<b>760.36</b>
<b>C Cash flow from Financing Activities:</b>		
Proceeds / (Repayments) of short term borrowings	(1,144.57)	(1,467.23)
Proceeds from Long term borrowings	1,908.31	771.67

# CASH FLOW STATEMENT

for the year ended 31st March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Repayment of Long term borrowings	(1,425.25)	(2,783.54)
Interest and other borrowing costs paid	(3,868.81)	(3,533.65)
Equity Dividend (including DDT) paid	-	(4.53)
<b>Net Cash flow from/(used in) financing activities</b>	<b>(4,530.32)</b>	<b>(7,037.28)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>580.11</b>	<b>212.60</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>384.21</b>	<b>171.61</b>
<b>Cash and Cash equivalents at the Closing of the year</b>	<b>964.32</b>	<b>384.21</b>

as per our report of even date

for **K S Rao & Co.**  
Chartered Accountants  
Firm Registration No.: 003109S

**(P Govardhana Reddy)**  
Partner  
Membership No. 029193

Place: Hyderabad  
Date: 10-05-2021

For and on behalf of Board of Directors

**(E.V.S.V. Sarma)**  
Company Secretary

**(P.S. Subramanyam)**  
President (Finance)

**(L. N. Agarwal)**  
Chairman & Managing Director  
DIN: 00008721

**(Paritosh K. Agarwal)**  
Managing Director  
DIN: 00008738

**(Navrang Lal Tibrewal)**  
Director  
DIN: 00030151

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2021

## A. Equity Share Capital

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
	31st March, 2021	31st March, 2020
At the beginning of the year	1,667.23	1,667.23
Changes in equity share capital during the year	-	-
At the end of the year	<b>1,667.23</b>	<b>1,667.23</b>
Add: Forfeited Shares	177.30	177.30
<b>Total</b>	<b>1,844.53</b>	<b>1,844.53</b>

## B. Other Equity (Refer Note: 16)

Particulars	Reserves and Surplus				Accumulated Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Other Reserves	Retained Earnings	Remeasurements of net defined benefit plans	Equity Instruments through OCI	
Balance as at 31st March 2020	214.35	8,252.01	5,232.85	8,345.99	(225.23)	(1.12)	21,818.85
Total Comprehensive Income for the year ended 31st March 2021	-	-	-	(282.15)	(11.83)	2.52	(291.46)
<b>Balance as at 31st March 2021</b>	<b>214.35</b>	<b>8,252.01</b>	<b>5,232.85</b>	<b>8,063.84</b>	<b>(237.06)</b>	<b>1.40</b>	<b>21,527.39</b>

as per our report of even date

for **K S Rao & Co.**  
Chartered Accountants  
Firm Registration No.: 003109S

**(P Govardhana Reddy)**  
Partner  
Membership No. 029193

Place: Hyderabad  
Date: 10-05-2021

For and on behalf of Board of Directors

**(E.V.S.V. Sarma)**  
Company Secretary

**(P.S. Subramanyam)**  
President (Finance)

**(L. N. Agarwal)**  
Chairman & Managing Director  
DIN: 00008721

**(Paritosh K. Agarwal)**  
Managing Director  
DIN: 00008738

**(Navrang Lal Tibrewal)**  
Director  
DIN: 00030151

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## CORPORATE INFORMATION

Surya Lakshmi Cotton Mills Limited (the 'company') is a public limited company domiciled and incorporated in India under the Companies Act, 1956. The registered office of the company is located at 6th Floor, Surya Towers, 105 S P Road, Secunderabad, Telangana - 500003.

The company was formed in early 1960s' as a yarn manufacturing company. It has evolved today as integrated denim & branded Garments manufacturing textile Company (Garments unit is discontinued in December 2019. See note 33 & 35.4.6 below). The company also has a captive thermal power plant.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1. Basis of Preparation and Measurement:

#### Explicit Statement of Compliance with Ind AS:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

With effect from 1st April, 2019, Ind AS 116 - "Leases" (Ind AS 116) supersedes Ind AS 17 - "Leases". The Company has adopted Ind AS 116 using the prospective approach. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Balance

In December 2019, the Management of the Company had decided to discontinue the operations of the garments unit and accordingly, the operating results of the Garment division for all the periods presented have been regrouped and shown separately under profit/loss from discontinued operations as per Ind AS 105.

### 1.2. Current Vs Non-current classifications:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act,

2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for current or non-current classification of assets and liabilities.

### 1.3. Use of Estimates, Judgements and Assumptions:

The preparation of financial statements in conformity with the Ind AS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. The application of Accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

- Defined benefit obligation.
- Estimation of useful life of Property, Plant and Equipment.
- Estimation of Provisions and Contingent liabilities
- Estimation of Impairment
- Recognition of Deferred taxes

### 1.4. Significant accounting policies:

#### 1.4.1 Property, plant and equipment

- Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment other than land are carried at their cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost of acquisition.

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

which take substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

- **Capital Work in Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

- **Transition to Ind AS**

On Transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 31 March 2016 measured as per previous GAAP and use that carrying value as its deemed cost.

- **Depreciation and amortization methods**

- a) Depreciation is provided on Straight Line Method on the assets, over the useful lives specified in Schedule II to the Companies Act, 2013.
- b) Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

- **Impairment**

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

## 1.4.2 Intangible Assets:

- **Computer Software**

Computer software is measured on initial recognition at cost. Following initial recognition, software is carried at its cost less accumulated amortization and accumulated impairment losses.

- **Amortization Methods**

The carrying amount of computer software is amortized over the useful life as estimated by the Management which is about 6 years for ERP software and 3 years all other intangible computer software assets.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

- **Impairment**

- Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.
- Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

### 1.4.3 Borrowing Costs

Borrowing costs to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognized as expenses in the Statement of Profit and Loss in the period in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs include interest (calculated using Effective Interest Method) and other cost incurred in connection with the borrowing of funds.

### 1.4.4 Inventories

Inventories are valued at the lower of cost or net realizable value.

Scrap is valued at Net realizable value.

The cost is computed on weighted average basis.

Cost of inventories comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this IndAS-16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

### 1.4.5 Financial Instruments

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

#### Financial Assets

- **Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets other than those recorded at Fair Value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

- **Subsequent measurement:**

For subsequent measurement, the Company classifies its financial assets into the following categories:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in equity shares) at amortized cost.

## b) Financial Asset measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

The company while applying above criteria has identified that there are no financial assets that can be classified at fair value through other comprehensive income. However, the company made an election to present fair value changes of investment in equity shares in other comprehensive income as per para 5.7.5 of Ind AS 109.

## c) Financial Asset measured at fair value through profit and loss (FVTPL)

Financial Assets are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

Investments in Equity shares meet the above criteria for measurement at FVTPL. However, the company made an election to present fair value changes of investment in equity shares in other comprehensive income as per para 5.7.5 of Ind AS 109. Dividend on these equity investments are recognised in Statement of Profit and loss when the Company's right to receive payment is established.

## • Impairment

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

- **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

## Financial Liabilities

- **Initial Recognition and Measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

- **Subsequent Measurement**

- a. **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognized in the profit or loss. The Company doesn't designate any financial liability at fair value through profit or loss.

- b. **Financial liabilities at amortized cost**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

- **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## 1.4.6 Government Grants

The Company has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, 'Financial Instruments'. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. Income from such benefit is recognized on a systematic basis over the period of the loan during which the Company recognizes interest expense corresponding to such loans.

The company has retained sales tax collected from customers under a scheme of deferral of sales tax and to be repaid, without interest, after a specified period and that retained amount is considered as unsecured loan. The benefit of Zero rate of interest is measured as the difference between the initial carrying value of the said loan amount determined in accordance with IndAS 109 and the amount collected and retained. Income from such benefit is recognized on a systematic basis over the period of the said loan during which the Company recognizes interest expense corresponding to such loans.

## 1.4.7 Revenue Recognition

- **Revenue from Sale of goods and services**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

The Company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

- **Contract Balances**

- **Trade Receivables**

- A receivable represents the Company's right to an amount of consideration that is unconditional.

- **Contract Liabilities**

- A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

- **Interest / Dividend**

- Interest Income is recognized using the Effective interest rate (EIR) method. Dividend income is recognized when right to receive is established.

## 1.4.8 Leases

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

## 1.4.9 Prior period items

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 1.4.10 Non-current assets Held for sale and Discontinued Operations

### • Non-current Assets Held for Sales

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Non-current assets held for sale are neither depreciated nor amortised. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Balance Sheet.

### • Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- (c) is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations that relate to all operations that have been discontinued by the end of the reporting period for the latest period presented are presented separately in the statement of profit and loss under "profit/loss from discontinued operations". This presentation is made for all the periods presented.

## 1.4.11 Cash and Cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks,

other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

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

## 1.4.12 Income taxes

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest / expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes using tax rates enacted, or substantively enacted, by the end of the reporting period.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 1.4.13 Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

### Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## 1.4.14 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

## 1.4.15 Foreign Currency transactions

### • Functional and Reporting Currency:

The Company's functional and reporting currency is Indian National Rupee

### • Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### • Conversion on reporting date:

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### • Exchange Differences:

Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

## 1.4.16 Employee Benefits

### • Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

### • Post-Employment Benefits

#### Defined Contribution Plan

Employer's contribution to Provident Fund/ Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## Defined Benefit Plan

### a. Gratuity and compensated absences

Gratuity and compensated absences are in the nature of defined benefit obligations. These are provided based on independent actuarial valuation on projected unit credit method made at the end of each reporting period as per the requirements of Ind AS 19 "Employee Benefits". Actuarial gain/ (loss) in the valuation are recognized as other comprehensive income for the period.

### 1.4.17 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

### 1.4.18 Recent Accounting Pronouncement

There are no accounting standards that are issued but are not effective as of the Balance Sheet date.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 2 (A) Property, Plant and Equipment

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK					
		As at 31st March 2020	Additions	Deletions	transfer to Assets Held for Sales (see note 14 & 35.4.6)	As at 31 March 2021	Upto 31 March 2020	For the year #	On Deletions	transfer to Assets Held for Sales (see note 14 & 35.4.6)	Upto 31 March 2021	As at 31 March 2021	As at 31 March 2020
<b>(A) Property, Plant and Equipment:</b>													
1	Land	-	-	-	-	-	-	-	-	-	-	-	-
	Freehold	44622	-	21690	-	22932	-	-	-	-	-	22932	44622
	Leasehold (ROU) See note 35.4.10	571.87	-	-	-	571.87	0.92	3.76	-	0.92	0.92	571.55	568.71
2	Buildings:	-	-	-	-	-	-	-	-	-	-	-	-
	Factory	8590.63	-	1.09	-	8589.54	3119.24	0.72	-	3389.03	3389.03	5200.51	5471.39
	Non Factory Building	2868.36	14.23	3.73	-	2878.86	841.45	82.67	2.38	921.74	921.74	1957.12	2026.91
	Township	790.19	12.89	-	-	803.08	123.38	1.270	-	136.08	136.08	667.00	666.81
	Non Factory Building (ROU) See note 35.4.10	49.62	26.74	36.89	-	39.47	26.31	4.99	21.59	9.71	9.71	29.76	23.31
3	Plant & Machinery:	-	-	-	-	-	-	-	-	-	-	-	-
	Workshop equipment	8.14	-	-	-	8.14	7.58	0.09	-	7.67	7.67	0.47	0.56
	Plant and Machinery**	51,496.81	1,118.40	851.16	-	51,764.05	29,977.09	1,720.42	788.34	30,909.17	30,909.17	20,854.88	21,519.72
	Testing Equipment	574.11	-	-	-	574.11	415.38	25.09	0.02	440.45	440.45	133.66	158.73
	Electrical Installations	5,096.39	63.44	0.50	-	5,159.33	2,815.15	158.15	17.89	2,955.41	2,955.41	2,203.92	2,281.24
	Weighing Machines	48.11	-	-	-	48.11	33.26	2.15	0.12	35.29	35.29	12.82	14.85
	Water Works	463.00	0.33	0.33	-	463.00	289.80	31.66	0.31	321.15	321.15	141.85	173.20
	Furniture and Fixtures	544.76	2.73	-	-	431.71	448.88	29.57	0.01	1,07.79	370.65	61.06	95.88
	Vehicles	316.55	-	20.44	-	296.11	220.12	23.18	14.86	228.44	228.44	67.67	96.43
	Data Processing Equipment	310.79	0.29	-	-	268.94	299.94	5.66	-	42.55	263.05	5.89	10.85
	Power lines	553.41	-	-	-	553.41	414.99	55.66	0.41	470.24	470.24	83.17	138.42
	<b>TOTAL (A)</b>	<b>72,728.96</b>	<b>1,239.05</b>	<b>1,131.04</b>	<b>157.92</b>	<b>72,679.05</b>	<b>39,035.73</b>	<b>2,423.42</b>	<b>850.41</b>	<b>150.34</b>	<b>40,458.40</b>	<b>32,220.65</b>	<b>33,693.23</b>
<b>(B) Capital Work-in-progress</b>													
		186.68	476.44	481.39	-	181.73	-	-	-	-	-	181.73	186.68
	<b>Total (B)</b>	<b>186.68</b>	<b>476.44</b>	<b>481.39</b>	<b>181.73</b>	<b>181.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181.73</b>	<b>186.68</b>
	Less: Internal transfers	(481.39)	(481.39)	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>72,915.64</b>	<b>1,234.09</b>	<b>1,131.04</b>	<b>157.92</b>	<b>72,860.78</b>	<b>39,035.73</b>	<b>2,423.42</b>	<b>850.41</b>	<b>150.34</b>	<b>40,458.40</b>	<b>32,402.38</b>	<b>33,879.91</b>

\*Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.

\*\*Addition to Plant &amp; Machinery includes Rs.729.55 Lacs in Gross Block and Rs.222.82 Lacs in Depreciation towards transfer of Plant &amp; Machinery from Asset held for sale.

\*\*\*Capital work in progress includes FPP Cooling tower, Air dryer &amp; Air compressor transferred from Denim &amp; Power Plant to Amravati Plant, Rs.21.85 Lacs (Gross Block - Rs.29.98 Lacs less Accumulated depreciation - Rs.8.13 Lacs)

#Depreciation for the year includes impairment loss of Rs.173.34 Lacs on Garment Assets

## 3. Other Intangible Assets

(All amounts in lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK					
		As at 31st March 2020	Additions	Deletions	transfer to Assets Held for Sales	As at 31 March 2021	Upto 31 March 2020	For the year	On Deletions	transfer to Assets Held for Sales	Upto 31 March 2021	As at 31 March 2021	As at 31 March 2020
<b>Other Intangible Assets:</b>													
	Computer Software	162.96	-	-	-	162.96	1.43	-	-	-	143.46	19.50	20.93
	<b>Total</b>	<b>162.96</b>	<b>-</b>	<b>-</b>	<b>162.96</b>	<b>142.03</b>	<b>1.43</b>	<b>-</b>	<b>-</b>	<b>143.46</b>	<b>143.46</b>	<b>19.50</b>	<b>20.93</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 2. Property, Plant and Equipment (Contd..)

### Previous Year

(All amounts in ₹ in lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31st March 2019	Additions	Deletions	transfer to Assets Held for Sales	As at 31st March 2020	For the year	On Deletions	transfer to Assets Held for Sales	Upto 31 March 2020	As at 31 March 2019
<b>(A) Property, Plant and Equipment:</b>											
1	Land	-	-	-	-	-	-	-	-	-	-
	Freehold	499.25	-	-	53.03	446.22	-	-	-	-	446.22
	Leasehold (ROU) See note 37.4.10	-	571.87	-	571.87	-	3.16	-	-	3.16	568.71
2	Buildings:	-	-	-	-	-	-	-	-	-	-
	Factory	9,463.00	-	-	872.37	8,590.63	3,075.51	289.91	246.18	3,119.24	5,471.39
	Non Factory Building	3,539.33	1.20	-	672.17	2,868.36	852.77	97.76	109.08	841.45	2,026.91
	Township	798.32	-	-	8.13	790.19	111.24	12.15	0.01	123.38	666.81
	Non Factory Building (ROU) See note 37.4.10	-	49.62	-	-	49.62	-	26.31	-	26.31	23.31
3	Plant & Machinery	-	-	-	-	-	-	-	-	-	-
	Workshop equipment	8.14	-	-	-	8.14	7.48	0.10	-	7.58	0.56
	Plant and Machinery	54,387.71	1,370.7	1,89.70	2,838.27	51,496.81	29,982.90	1,649.15	1,474.75	29,977.09	21,519.72
	Testing Equipment	573.73	0.38	-	-	574.11	389.66	25.72	-	415.38	158.73
	Electrical Installations	5,372.71	-	-	276.32	5,096.39	2,896.73	156.39	237.97	2,815.15	2,281.24
	Weighing Machines	48.11	-	-	-	48.11	31.23	2.03	-	33.26	14.85
	Water Works	482.65	-	-	19.65	463.00	276.72	25.05	11.97	289.80	173.20
4	Furniture and Fixtures	543.04	1.72	-	-	544.76	419.28	29.60	-	448.88	95.88
5	Vehicles	31.655	-	-	-	31.655	187.97	32.15	-	220.12	96.43
6	Data Processing Equipment	308.92	1.87	-	-	310.79	294.75	5.19	-	299.94	10.85
7	Power lines*	553.41	-	-	-	553.41	359.67	55.32	-	414.99	138.42
	<b>TOTAL (A)</b>	<b>76,894.87</b>	<b>763.73</b>	<b>1,89.70</b>	<b>4,739.94</b>	<b>72,728.96</b>	<b>38,885.91</b>	<b>2,409.99</b>	<b>1,80.21</b>	<b>2,079.96</b>	<b>33,693.23</b>
	<b>(B) Capital Work-in-progress</b>										
	Total (B)	139.64	190.31	143.27	-	186.68	-	-	-	-	186.68
	Less: Internal transfers	139.64	(143.27)	(143.27)	-	-	-	-	-	-	139.64
	<b>Total</b>	<b>77,034.51</b>	<b>810.77</b>	<b>1,89.70</b>	<b>4,739.94</b>	<b>72,915.64</b>	<b>38,885.91</b>	<b>2,409.99</b>	<b>1,80.21</b>	<b>2,079.96</b>	<b>33,879.91</b>

\* Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.

(All amounts in ₹ in lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31st March 2019	Additions	Deletions	transfer to Assets Held for Sales	As at 31st March 2020	For the year	On Deletions	transfer to Assets Held for Sales	Upto 31 March 2020	As at 31 March 2019
<b>Other Intangible Assets:</b>											
	Computer Software	161.93	1.03	-	-	162.96	140.59	1.44	-	142.03	20.93
	<b>Total</b>	<b>161.93</b>	<b>1.03</b>	<b>-</b>	<b>-</b>	<b>162.96</b>	<b>140.59</b>	<b>1.44</b>	<b>-</b>	<b>142.03</b>	<b>20.93</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 4. Loans (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Deposits - Recoverable (Telephone, APSEB, Electricity, Coal deposits and others)	558.52	573.89
Security Deposit (NSC pledged as security for ₹ 10,000/- with Sales Tax Dept.)	0.10	0.10
<b>Total</b>	<b>558.62</b>	<b>573.99</b>

## 5. Inventories

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
<b>At Cost</b>		
Raw materials		
- Cotton	2,034.43	1,442.42
- Yarn	694.93	588.61
- Polyester Staple Fibre	807.00	239.88
- Viscose Staple Fibre	95.58	114.50
<b>At lower of cost or Net Realisable Value</b>		-
Work-in-progress	3,813.43	3,801.02
Finished goods		
- Stock - in -Transit	640.51	533.94
- Stock - at -Factory	2,553.31	6,349.91
- Stock - in -Trade	101.00	308.53
- Finished goods of Garment Division	-	438.22
<b>At Cost</b>		
Stores and spares		
- Dyes & Chemicals	700.16	702.14
- Coal	89.39	86.71
- Other Stores & Spares	956.19	946.66
<b>At Realisable Value</b>		
Others -Cotton & PV waste	37.40	117.36
<b>Total</b>	<b>12,523.33</b>	<b>15,669.90</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 6. Investments

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investment in Equity Instruments At fair value through other comprehensive income		
(i) Suryavanshi Spinning Mills Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹ 10/- each )	2.95	3.03
(ii) Aananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of ₹ 10/- each )	1.38	0.51
(iii) Sheshadri Industries Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹ 10/- each )	3.40	1.67
<b>Total</b>	<b>7.73</b>	<b>5.21</b>

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Aggregate amount of Quoted Investments - Book Value	105.19	105.19
b. Aggregate amount of Quoted Investments - Market Value	7.73	5.21
c. Aggregate amount of Unquoted investments	-	-
d. Aggregate amount of impairment in value of investments	97.46	99.98

## 7. Trade Receivables

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good	12,947.11	12,296.87
Less : Allowance for Expected Credit Loss	53.51	-
<b>Total</b>	<b>12,893.60</b>	<b>12,296.87</b>

## 8. Cash and cash equivalents

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
- In current accounts	55.33	371.10
- Term deposits with balance maturity of less than 3 months	900.00	-
Cash on hand	8.98	13.10
Post office Savings Bank	0.01	0.01
<b>Total</b>	<b>964.32</b>	<b>384.21</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 9. Other Bank Balances

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Balances with Banks		
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	636.22	531.03
- Term deposits with balance maturity of more than 3 months and less than 12 months	350.00	415.00
- Unpaid Dividend Accounts	10.18	10.18
<b>Total</b>	<b>996.40</b>	<b>956.21</b>

## 10. Loans (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Advances to staff (including advances to officers)	60.29	20.14
<b>Total</b>	<b>60.29</b>	<b>20.14</b>

## Disclosure pursuant to Note no.B(V)(iv) of Part I of Division II of Schedule III

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Other officers of the Company	13.08	12.69
<b>Total</b>	<b>13.08</b>	<b>12.69</b>

## 11. Other financial assets (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Other advances	1,371.14	1,371.14
Interest Accrued	125.88	100.52
Interest subsidy receivable	1,347.58	1,410.83
Deposits recoverable	2.70	3.99
Claims/Other Receivable	2,837.44	3,126.61
<b>Total</b>	<b>5,684.74</b>	<b>6,013.09</b>

## 12. Current tax assets (net)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Advance Income tax & TDS Receivable (Net of provision)	180.41	139.70
<b>Total</b>	<b>180.41</b>	<b>139.70</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 13. Other current assets (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Advance for purchase of raw material and stores	1,459.98	654.21
Prepaid Expenses	302.07	121.94
T&D Refund receivable	24.79	51.76
Export Benefit Entitlement Receivable	351.73	418.51
CVD Refund Receivable :		
(i) At ICD Nagpur	134.34	134.34
(ii) At JNPT, Mumbai	10.95	10.95
<b>Total</b>	<b>2,283.86</b>	<b>1,391.71</b>

## 14. Assets Held for Sale

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
<b>Property Plant &amp; Equipment</b>		
Land	-	53.03
Buildings	-	131.00
Plant and Equipment	186.89	1,098.08
<b>Total</b>	<b>186.89</b>	<b>1,282.11</b>

## 15. Equity Share Capital

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
<b>a. Authorised:</b>		
3,00,00,000 Equity Shares of ₹ 10/- each	3,000.00	3,000.00
2,00,000 5% Non Cumulative Reddemable Preference Share of ₹ 100/- each	200.00	200.00
6,72,000 10% Cumulative Reddemable Preference Share of ₹ 100/- each	672.00	672.00
	<b>3,872.00</b>	<b>3,872.00</b>
<b>b. Issued:</b>		
2,32,01,556 Equity Shares of ₹ 10/- each	2,320.16	2,320.16
2,00,000 5% Non Cumulative Reddemable Preference Share of ₹ 100/- each	200.00	200.00
5,00,000 10% Cumulative Reddemable Preference Share of ₹ 100/- each	500.00	500.00
	<b>3,020.16</b>	<b>3,020.16</b>
<b>c. Subscribed and fully paid:</b>		
1,66,72,290 Equity Shares of ₹ 10 each	1,667.23	1,667.23
Add: Forfeited Shares	177.30	177.30
	<b>1,844.53</b>	<b>1,844.53</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	Number of Shares held	% holding	Number of Shares held	% holding
Shares outstanding at the beginning of the year	16,672,290	1,667.23	16,672,290	1,667.23
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<b>16,672,290</b>	<b>1,667.23</b>	<b>16,672,290</b>	<b>1,667.23</b>

## b. Terms/ rights attached to equity shares

- The company has only one class of equity shares having a face value of ₹ 10 per share.
- Each holder of equity share is entitled to one vote per share.
- The dividends recommended by the Board of Directors if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting.
- In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential claims, in proportion to the number of shares held.

## c. List of shareholders holding more than 5% of total number of shares in the company

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	No. of shares	Amount	No. of shares	Amount
Equity Shares of ₹ 10/- each:				
Smt. Satyabhama Bai	3,023,032	18.13%	3,023,032	18.13%
Sri Paritosh Agarwal	1,478,472	8.87%	1,478,472	8.87%
Sri L N Agarwal	1,364,516	8.18%	1,364,516	8.18%
Master Vedanth Agarwal	1,717,164	10.30%	1,065,356	6.39%
Smt. Padmini Agarwal	971,815	5.83%	971,815	5.83%

- d. 2,00,000 5% Non Cumulative Redeemable Preference Share of ₹ 100/- each and 5,00,000 10% Cumulative Redeemable Preference Share of ₹ 100/- each were issued and reclassified as Financial Liability and shown as Unsecured Loan. (Refer Note:17)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 16. Other Equity

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	
	31st March, 2021	31st March, 2020
A. Capital Reserve	214.35	214.35
B. Securities Premium	8,252.01	8,252.01
C. Other Reserves		
Capital Redemption Reserve	2.09	2.09
Preference Capital Redemption Reserve	671.60	671.60
General Reserve	4,260.81	4,260.81
Equity portion on Preference shares	67.03	67.03
Equity portion on unsecured loan from Directors	231.32	231.32
Other Reserves	5,232.85	5,232.85
D. Retained Earnings	8,063.84	8,345.99
E. Accumulated Other Comprehensive Income		
Remeasurements of net defined benefit plans	(237.06)	(225.23)
Equity Instruments through OCI	1.40	(1.12)
<b>Accumulated Other Comprehensive Income</b>	<b>(235.66)</b>	<b>(226.35)</b>
<b>Total</b>	<b>21,527.39</b>	<b>21,818.85</b>

## 17. Borrowings

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st Mar 2021	31st Mar 2020	31st Mar 2021	31st Mar 2020
<b>Secured</b>				
Term loans:				
(a) from banks (TUFS)				
(i) Union Bank of India (Erstwhile Andhra Bank) (40Crores)	592.39	999.28	700.16	505.31
(ii) IDBI Bank Ltd (40 Crores)	-	997.70	1,089.39	400.00
(iii) Exim Bank	3.45	299.21	300.00	150.00
(b) from banks (Non TUFS)				
(i) DBS Bank India Ltd. (Erstwhile Lakshmi Vilas Bank Ltd.,) Garments Division	248.18	369.25	193.31	92.61
(ii) Axis Bank Limited	1,619.89	1,973.22	643.35	462.15
(iii) South Indian Bank Limited	680.97	1,414.98	649.76	473.31
(iv) State Bank of India - Covid 19	-	-	733.19	-
(c) from others				
(i) Vehicle loans	-	7.43	6.69	4.05
<b>Unsecured</b>				
(a) Preference Shares (Issued to Related parties, at amortised cost)				
- 2,00,000 5% Non-Cumulative Redeemable Preference shares of ₹ 100/- each	191.58	180.89	-	-
- 5,00,000 10% Cumulative Redeemable Preference shares of ₹ 100/- each	500.00	500.00	-	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st Mar 2021	31st Mar 2020	31st Mar 2021	31st Mar 2020
(b) Loans from related parties				
- from Directors	4,864.94	3,645.00		-
- Inter-corporate Deposits	874.27	931.73		-
(c) Deferred Payment liabilities				
- Sales Tax Deferment	63.15	56.06		5.14
(d) Lease Obligations				
- Lease Liability (relating to ROU asset) See note 35.4.10	20.07	24.36		-
<b>Total</b>	<b>9,658.89</b>	<b>11,399.11</b>	<b>4,315.85</b>	<b>2,092.57</b>

- A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'.
- B. 1. The term loan referred at (a)(i) above is secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & second charge pari passu on the current assets of the company with existing term lenders and guaranteed by two directors of the company in their personal capacities.
2. The term loans referred at (a)(ii) to (a)(iii) and b(i) to b(iii) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & second charge pari passu on the current assets of the company with existing term lenders and guaranteed by three directors of the company in their personal capacities.
- C. Vehicle loans are secured by hypothecation of the respective vehicles and guaranteed by one of the directors of the company.
- D. The Company is in the process of availing the resolution frame work for Covid-19 made available by RBI, Vide circular dated: 06.09.2020 and has submitted the resolution plan requesting reduction in the rate of interest from 01.10.2020 (Cut of date) and extending repayment period by 2 Years from the current terminal date of each loan which is under consideration by bankers.
- E. Terms of Repayment:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Rate of Interest	31st March, 2021		31st March, 2020	
		No of Instalments due	Amount	No of Instalments due	Amount
Term loans:					
(a) from banks (TUFS)					
(i) Union Bank of India (Erstwhile Andhra Bank (40Crores)	12.20%	8	1,292.55	9	1,504.59
(ii) IDBI Bank Ltd (40 Crores)	12.40%	5	1,089.39	7	1,397.70
(iii) Exim Bank	11.40%	4	303.45	6	449.21
(b) from banks (Non TUFS)					
(i) DBS Bank India Ltd (Erstwhile Lakshmi Vilas Bank Ltd.,)	11.60%	9	441.49	10	461.86
(ii) Axis Bank Limited	10.20%	14	2,263.24	16	2,435.37
(iii) South Indian Bank Limited	10.75%	10	1,330.73	12	1,888.29
(iv) State Bank of India - Covid-19	-	12	733.19	-	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## F. Redemption terms of the Preference Shares

(All amounts in ₹ lakhs, unless otherwise stated)

No of shares	Date of Repayment	Purpose
2,00,000 of ₹ 100/- each	21.12.2021	These shares are issued to the preference shareholders of erstwhile Suryakiran International Ltd., as per the scheme of amalgamation.
5,00,000 of ₹ 100/- each	18.08.2026	These shares are issued to part finance Company's spinning project at Amravathi, Near Nagpur, Maharashtra.

## G. Redemption Terms of Loans from related parties

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Rate of Interest	Repayment Terms
- from Directors (upto Sept' 2020) (Interest free from 01.10.2020 onwards)	5%	Repayable after three years
- Inter-corporate Deposits	8%	Repayable after three years

## H. Sales Tax Deferment - Repayment Schedule:

(All amounts in Lakhs unless otherwise stated)

Due Date	Amount (₹ in lakhs)
01.04.2021	0.41
01.04.2022	19.56
01.04.2023	57.40
<b>Total</b>	<b>77.37</b>

## 18. Provisions

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st Mar 2021	31st Mar 2020	31st Mar 2021	31st Mar 2020
<b>Provision for employee benefits</b>				
Gratuity (unfunded)	740.98	727.84	173.44	160.85
Compensated absences (unfunded)	76.32	69.52	26.91	24.20
Bonus		-	116.01	150.15
<b>Total</b>	<b>817.30</b>	<b>797.36</b>	<b>316.36</b>	<b>335.20</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 19. Deferred Tax

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st Mar 2021	Recognised in Statement of Profit & Loss (both continuing and discontinued operations)	Recognised in Other Comprehensive Income	As at 31 March 2020
<b>Deferred Tax Liabilities</b>				
Property, Plant & Equipment (including ROU assets) & Intangible assets	5,045.87	254.13	-	4,791.74
Fair Value adjustments of financial liabilities	111.27	111.27	-	-
Assets Held for sale	58.31	(325.16)	-	383.47
	<b>5,215.45</b>	<b>40.24</b>	<b>-</b>	<b>5,175.21</b>
<b>Deferred Tax Assets</b>				
Other Non Current Assets	-	-	-	-
Fair Value adjustments of financial liabilities	369.66	369.12	-	0.54
Unused Tax Losses	1,609.83	8.77	-	1,601.06
Employee Benefits & Statutory Liabilities allowed on Payment Basis	125.16	(234.82)	5.36	354.62
MAT Credit entitlement	722.71	-	-	722.71
	<b>2,827.36</b>	<b>143.07</b>	<b>5.36</b>	<b>2,678.93</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>2,388.09</b>	<b>(102.83)</b>	<b>(5.36)</b>	<b>2,496.28</b>

## 20. Other non-current liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Government Grant	13.13	19.70
<b>Total</b>	<b>13.13</b>	<b>19.70</b>

## 21. Short term Borrowings

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>A. Secured (payable on demand)</b>		
(i) from banks		
(a) State Bank of India		
Cash Credit	9,850.75	11,597.52
Packing Credit	2,101.84	-
SLC	-	1,751.16
(b) Union Bank of India (Erstwhile Andhra Bank)		
Cash Credit	959.66	950.00
(c) IDBI Bank Ltd		
Cash Credit	772.09	713.39
(d) DBS Bank India Ltd (Erstwhile Lakshmi Vilas Bank Ltd)		
Cash Credit	1,345.06	1,516.68

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
(ii) from others	-	-
(a) Aditya Birla Finance Limited	195.84	265.90
<b>Total (a)</b>	<b>15,225.24</b>	<b>16,794.65</b>
<b>B. Unsecured</b>		
From others:		
(i) Inter Corporate Deposits (Payable within 6 months from date of receipt)	9.33	356.09
(ii) Bills Discounted	1,784.09	1,012.48
<b>Total (b)</b>	<b>1,793.42</b>	<b>1,368.57</b>
<b>Total (a+b)</b>	<b>17,018.66</b>	<b>18,163.22</b>

**a. Secured:**

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

**b. Unsecured:**

Inter corporate deposits are repayable on demand.

## 22. Trade payables

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
dues of micro enterprises and small enterprises	-	22.21
dues of creditors other than micro enterprises and small enterprises	8,887.27	10,732.29
<b>Total (a)</b>	<b>8,887.27</b>	<b>10,754.50</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 23. Other financial liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
i. Current maturities of long-term debt (Refer Note - 17)	4,315.85	2,092.57
ii. Interest accrued but not due	12.04	239.92
iii. Dues to others	1,156.78	1,058.16
iv. Creditors for capital goods	79.42	59.57
v. Employee benefits payable	313.81	328.12
<b>Total</b>	<b>5,877.90</b>	<b>3,778.34</b>

## 24. Other current liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
i. Advances from customers	254.25	150.72
ii. Statutory remittances	63.59	189.82
iii. Contributions to PF & ESI	32.72	26.17
iv. Advances received against Sale of Land	51.81	850.00
v. Unpaid Dividend	10.18	10.18
<b>Total</b>	<b>412.55</b>	<b>1,226.89</b>

## 25. Revenue from operations

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
	<b>(A) Sale of products (net of GST) *</b>	
a. Yarn	30,440.46	35,957.40
b. Fabric	18,757.73	23,512.94
c. Power	-	347.17
d. Cotton (traded)	669.02	-
Less:		
Inter Division sale - Yarn	2,367.76	4,757.16
Inter Division sale - Fabric	31.35	1,832.96
Inter Division sale - Waste	2.24	347.17
<b>(B) Sale of Services</b>		
a. Job work	3.40	-
<b>(C) Other Operating Revenue</b>		
a. Sale of Waste	759.27	525.28
b. Export Benefit entitlement	341.28	461.87
c. Packing & Forwarding collection charges	5.22	2.01
d. Scrap Sales	9.73	17.44
<b>Total</b>	<b>48,584.76</b>	<b>53,886.82</b>

\* Net of rejections and returns

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 26. Other Income

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>(A) Interest Income on</b>		
a. Bank Deposits	75.93	86.10
<b>(B) Other Non-operating Income (Net of Expenses)</b>		
a. Rent Received	0.52	0.49
b. Provisions written back:		
i. Credit Balances written back	1.33	0.02
ii. Excess Provision written back	1.55	3.26
c. Gain on Foreign currency transactions	150.90	170.92
d. Miscellaneous Receipts	26.64	56.38
e. Government Grant	6.56	6.56
<b>Total</b>	<b>263.43</b>	<b>323.73</b>

## 27. Cost of materials consumed

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Opening Stock	2,369.89	1,714.87
Add: Purchases during the year	28,400.94	33,016.63
	30,770.83	34,731.50
Less: Value of Raw Materials sold	18.61	29.19
Less: Closing Stock	3,631.93	2,369.89
<b>TOTAL</b>	<b>27,120.29</b>	<b>32,332.42</b>

### Details of raw materials consumed

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Cotton	17,624.52	17,311.46
Yarn	1,300.94	2,176.44
Polyster Staple Fibre	6,272.94	9,496.62
Viscose Staple Fibre	1,921.89	3,202.19
Fabric	-	145.71
	<b>27,120.29</b>	<b>32,332.42</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 28. Changes in inventories of finished goods and work-in-progress

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Opening Stock:		
Yarn	1,786.76	1,308.57
Fabric	5,405.61	3,270.90
Work-in-progress	3,801.02	3,161.25
Cotton Waste	117.36	46.81
	<b>11,110.75</b>	<b>7,787.53</b>
Less: Closing Stock:		
Yarn	1,270.05	1,786.76
Fabric	2,024.77	5,405.61
Work-in-progress	3,813.43	3,801.02
Cotton & PV Waste	37.40	117.36
	7,145.65	11,110.75
<b>(Increase)/ Decrease in stocks</b>	<b>3,965.10</b>	<b>(3,323.22)</b>

## 29. Employee Benefits Expense

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Salaries and Wages	3,470.56	4,457.72
Contribution to provident funds	216.86	275.22
Gratuity, bonus and incentives	131.50	123.74
Staff welfare expenses	161.09	192.00
Contribution to ESI	59.25	83.04
<b>TOTAL</b>	<b>4,039.26</b>	<b>5,131.72</b>

## 30. Finance Costs

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Interest on Borrowings	2,962.71	2,681.99
Dividend on Redeemable Preference Shares	39.82	60.28
Other Borrowing cost	480.41	530.79
Unwinding of Interest on Sales Tax deferment	7.09	6.83
<b>TOTAL</b>	<b>3,490.03</b>	<b>3,279.89</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 31. Other Expenses

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Current Year	Previous Year
Consumption of stores & spare parts		
(i) Consumable Stores	365.51	458.40
(ii) Dyes and Chemicals	1,710.05	2,451.41
(iii) Packing Material Consumed	536.04	628.07
Power and fuel		
(i) Electricity Charges	3,235.18	3,827.12
(ii) Fuel Consumed	464.97	703.52
Rent	15.10	7.05
Security Charges	32.26	38.27
Rates & taxes	66.27	65.79
Printing & Stationery	8.76	15.66
Postage, Telegrams & Telephones	65.13	35.16
Travelling & Conveyance	78.80	150.54
Directors' Sitting fees & Travelling expenses	6.95	10.98
Advertisements	0.74	2.52
Expenses on Sales	937.20	971.25
Commission on Sales	316.81	250.25
Insurance	176.74	206.94
Legal & Professional Charges	110.75	66.87
Payments to auditors :		
- As auditor	4.05	4.80
- for Tax Audit	0.65	0.65
- for GST Audit	0.75	0.75
- for Other Services	2.22	2.30
- Cost Auditor	0.90	0.70
Repairs to :		
- Buildings	10.71	13.30
- Machinery	385.21	745.45
- Other Assets	130.69	32.91
Vehicle Maintenance	37.82	38.88
Miscellaneous Expenses	809.16	612.78
Expenses on Corporate Social Responsibility	10.45	5.09
Donations	5.58	1.36
Bad debts and Debit Balances written off	72.24	0.04
Other Manufacturing expenses	191.21	384.49
Managerial remuneration	96.02	144.96
<b>Total</b>	<b>9,884.92</b>	<b>11,878.26</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 32. Exceptional Items

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Profit/(loss) on sale of assets	1,126.04	14.51
Prior period period expenses	-	(12.02)
<b>TOTAL</b>	<b>1,126.04</b>	<b>2.49</b>

## 33. Profit/(loss) from discontinued operations (See note 35.4.6)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Sale of Products	221.41	5,823.78
Other Income	4.99	16.39
<b>Revenue from discontinued operations (A)</b>	<b>226.40</b>	<b>5,840.17</b>
Cost of materials consumed	15.74	2,538.58
Changes in inventories of finished goods and work-in-progress	438.22	501.63
Employee benefits expense	32.29	1,462.64
Finance costs	150.90	308.60
Depreciation and amortization expense	180.03	209.24
Other expenses	392.44	1,715.98
<b>Expenses of discontinued operations (B)</b>	<b>1,209.62</b>	<b>6,736.67</b>
<b>(i) Profit/(loss) of discontinued operations before tax excluding (ii) below (A-B)</b>	<b>(983.22)</b>	<b>(896.50)</b>
<b>(ii) Loss on measurement of Assets held for sale at lower of Carrying Amount and fair value(less costs to sell)</b>	<b>-</b>	<b>(1,377.86)</b>
<b>(iii) Gain on Sale of Land</b>	<b>1,292.86</b>	
<b>Total Profit/(loss) of discontinued operations before tax (i) + (ii) (C)</b>	<b>309.64</b>	<b>(2,274.36)</b>
Tax expense		
- on (i) above	98.21	(274.65)
- on (ii) above	-	(429.89)
<b>Tax expenses of discontinued operations (D)</b>	<b>98.21</b>	<b>(704.54)</b>
<b>Total (C-D)</b>	<b>211.43</b>	<b>(1,569.82)</b>

## 34. Exceptional Items

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Current Year	Previous Year
Remeasurements of defined benefit plans	(17.19)	(192.65)
Equity Instruments through Other Comprehensive Income	2.52	1.09
<b>TOTAL</b>	<b>(14.67)</b>	<b>(191.56)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 35.1. Contingent Liabilities and commitments not provided for in respect of:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March, 2021	31st March, 2020
(i) Against Foreign & Inland Letters of Credit	2,976.06	1,114.63
(ii) Against Bank Guarantees	436.04	401.29
(iii) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and set off. The company has filed appeal before STAT (A.P), Hyderabad against the revised demand issued by the DC(CT), Begumpet Division, Hyderabad and Hon'ble STAT has partly allowed the appeal and remanded to the Assessing Authority.(However the Company paid the demand under protest and shown as Advance)	28.82	28.82
(iv) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with Hon'ble High Court of Judicature of Telangana at Hyderabad.	61.49	61.49
(v) TSPDCL raised demand for Interest/Late payment of charges/dues on the company arising out of delayed receipt of incentive from State Government. The Company is of the opinion that this liability may not arise as there was no delay in payment of dues from Company.	541.24	336.03
(vi) Company purchased power from Power exchange for its Spinning division at Amanagallu, Mahboobnagar District, Telangana. TSPDCL imposed Cross subsidy to be paid on power drawn from power exchange at the rate of ₹ 1.29 per unit. On a challenge by the Company of the Order of TSERC, the Hon'ble High Court of Telangana was pleased to stay the cross subsidy rate of ₹ 1.29 per unit and allowing the Writ petition, directed the DISCOM to levy only 30 paise per Unit. Accordingly the Company has been advised that no liability on account of the differential cross subsidy of ₹ 0.99 paise per unit is likely to arise.	438.22	438.22
(vii) Cases relating to Industrial disputes with workers pending at Labour and Industrial Courts, Nagpur	114.94	101.40
(viii) Demand for Gram Panchayat Tax raised by Gram Panchayat Nagardhan, over and above, Agreement with them, pending before Divisional Commissioner, Maharashtra State, Nagpur.	100.27	48.32
(ix) In Previous year Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2013-14 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting the Company's contention. (Rs.1.25 Lakhs pre-deposited for filing appeal and shown as advance)	23.69	23.69
(x) Siri Consultants Ltd filed a suit for recovery against the Company, which was decreed by the City Civil Court, Secunderabad. The Company has challenged the decree in the High Court and the High Court of Telangana was pleased to stay the execution of Decree pending payment. The matter is pending in the High Court. ₹ 5.78 Lakhs is pre-deposited pursuant to Hon'ble High Court Order.	13.97	13.97
(xi) Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2015-16 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting Assessee's contention. (Rs.1.52 Lakhs is pre-deposited for filing appeal and shown as advance )	29.43	29.43

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 35.2 Estimated amount of contracts to be executed on capital account

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March, 2021	31st March, 2020
(i) Contracts to be executed on capital accounts	353.84	101.99

**35.3** There was a major fire accident in spinning department of denim division at Ramtek, Nagapur district, Maharashtra state during January, 2008, in which the Building, Plant & Machinery, Electrical Installations and stocks were totally damaged. The factory was fully insured under reinstatement policy for fixed assets and under declaration policy for stocks. The Company's Insurance claim is processed and settled partly. The Company received an amount of ₹ 2,609 lakhs from the Insurance Company including salvage during FY2007-08 & 2008-09. The part claim of ₹ 490 lakhs which is still to be settled by the Insurance Company is shown under Claims receivable. The Company's complaint in this matter is pending before national consumer disputes Redressal commission (NCDRC), New Delhi.

## 35.4. Disclosures in accordance with Companies (Indian Accounting Standards) Rules, 2015 notified by the Central Government:

### 35.4.1. Capital Management

The company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings.

The company's policy is aimed at combination of short term and long-term borrowings. The company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

### Gearing Ratio

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31.03.2021	As at 31.03.2020
(a) Debt	26,677.55	29,562.33
(b) Cash & Cash Equivalents	964.32	384.21
(c) Net Debt (a) - (b)	25,713.23	29,178.12
(d) Total Equity	23,371.92	23,663.38
Net debt to equity ratio (c)/(d)	1.10	1.23

### 35.4.2. Income Taxes

#### (i) Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
(i) Tax expense recognized in Statement of Profit and loss (from continuing and discontinued operations)		
Current Tax	-Nil-	-Nil-
Deferred Tax (including MAT Credit Entitlement)		
- Continuing operation	(201.03)	(687.72)
- Discontinuing operation	98.21	(704.54)
<b>Total</b>	<b>(102.82)</b>	<b>(1,392.26)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>(ii) Effective tax Reconciliation</b>		
(a) Profit/(loss) before tax (from continuing and discontinued operations)	(384.98)	(4,569.72)
(b) Applicable tax rate	31.20%	31.20%
(c) Tax expense on Net profit (a*b)	(120.11)	(1,425.76)
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	17.42	29.90
- Due to decrease in rate of tax	nil	nil
- Others	(0.14)	3.60
<b>Total (d)</b>	<b>17.28</b>	<b>33.50</b>
(e) Tax Expense as per Statement of Profit and loss (c+d)	(102.82)	(1,392.26)

### 35.4.3. Post-Employment Benefits

#### Contributions to Defined Contribution Plans

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Contribution to Provident and other funds	243.66	335.52
Contribution to Employee State Insurance	61.39	99.17
<b>Total</b>	<b>305.05</b>	<b>434.69</b>

#### Defined Benefit Plans

##### (i) Gratuity (Unfunded)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>A Changes in Present Value of Defined Benefit Obligation</b>		
Opening defined benefit obligation	893.45	675.63
Interest cost	56.96	47.37
Current services cost	69.77	76.70
Benefits paid	(94.12)	(112.71)
Actuarial(gains)/losses on obligation	(11.64)	206.46
<b>Closing defined benefit obligation</b>	<b>914.42</b>	<b>893.45</b>
<b>B Changes in Fair Value of Plan Assets</b>		
Opening Fair value of plan assets	4.77	4.46
Adjustments to opening balance		
Expected Return	-	0.34
Contributions	94.12	112.71
Benefits paid	(94.12)	(112.71)
Actuarial Gain/(loss)	(4.77)	(0.03)
	<b>-</b>	<b>4.77</b>
<b>C Expenses recognized in statement of profit and loss</b>		
Current Service Cost	69.77	76.70
Interest Cost on benefit obligation	56.96	47.37
Expected return on plan assets	-	(0.34)
	<b>126.73</b>	<b>123.73</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>D Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	(11.64)	206.46
Return on plan assets (greater)/lesser than discount rate	-	0.03
<b>Total</b>	<b>(11.64)</b>	<b>206.49</b>
<b>E Actuarial Assumptions</b>		
Salary Escalation	0%	0%
Rate of Discounting	6.92%	6.73%
Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%
Withdrawal Rate	2% to 10%	2% to 10%
Normal Retirement Age	58 years	58 years
Average Future Service	19.65	20.77
Actuarial Valuation Report Dated : 16.04.2021		

## F. Sensitivity Analysis

The financial results are sensitive to the actuarial assumptions. The changes to the Defined Benefit Obligations for increase / decrease of 1% from assumed salary escalation, withdrawal and discount rates are given below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March 2021	
	Increase	Decrease
Salary escalation	8.2%	7.2%
Withdrawal rate	4.5%	4.9%
Rate of Discounting	-6.4%	7.3%

## (ii) Leave Encashment (unfunded)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>A Changes in Present Value of Defined Benefit Obligation</b>		
Opening defined benefit obligation	93.73	162.33
Interest cost	4.53	9.94
Current services cost	28.84	-
Benefits paid	(52.70)	(64.72)
Actuarial(gains)/losses on obligation	28.83	(13.83)
<b>Closing defined benefit obligation</b>	<b>103.23</b>	<b>93.72</b>
<b>B Expenses recognized in statement of profit and loss</b>		
Current Service Cost	28.84	-
Interest Cost on benefit obligation	4.53	9.94
<b>Total</b>	<b>33.37</b>	<b>9.94</b>
<b>C Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	28.83	(13.83)
<b>Total</b>	<b>28.83</b>	<b>(13.83)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>D Actuarial Assumptions</b>		
Salary Escalation	0%	0%
Rate of Discounting	6.92%	6.73%
Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%
Attrition Rate	2% to 10%	2% to 10%
Normal Retirement Age	58 years	58 years
Leave Encashment Rate during employment	10%	10%
Leave Availment Rate	2%	2%
Actuarial Valuation Report Date : 16.04.2021		

## E. Sensitivity Analysis

The financial results are sensitive to the actuarial assumptions. The changes to the Defined Benefit Obligations for increase / decrease of 1% from assumed salary escalation, Attrition and discount rates are given below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March 2021	
	Increase	Decrease
Salary escalation	4.50%	4.20%
Attrition rate	1.10%	1.20%
Rate of Discounting	-3.30%	3.60%

## 35.4.4. Related Party Disclosures

Name of Related Parties	Nature of Relationship
a. Shri L N Agarwal (Chairman & Managing Director)	Key Managerial Personnel
b. Shri Paritosh K. Agarwal (Managing Director)	
c. Smt Padmini Agarwal (Whole time Director ) (Up to 7th November 2020)	
d. Shri E V S V Sarma (Company Secretary)	
e. Shri P Siva Subramanyam (President Finance)	
f. Smt Sabita Jain	Relatives of Key Managerial Personnel
g. M/s Jayman Dealers Pvt Ltd	Enterprises over which key managerial personnel and their relatives have significant influence
h. M/s SVP Distributors Pvt. Ltd	
i. Shri L N Agarwal (HUF)	

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## (i) Transactions with Key Managerial Personnel

(All Amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2021	Receivable/ (Payable) as on 31.03.2020
<b>Remuneration:</b>				
Shri L N Agarwal	50.49	76.18	(2.55)	(1.11)
Shri Paritosh K. Agarwal	45.53	68.78	(2.59)	(0.65)
Smt Padmini Agarwal	17.21	45.67	nil	(0.25)
Shri E V S V Sarma	14.24	17.87	(0.97)	(0.60)
Shri P S Subramanyam	13.57	17.19	(1.01)	(0.70)
<b>Interest:</b>				
Shri L N Agarwal	23.31	46.63	(21.57)	nil
Shri Paritosh K. Agarwal	32.87	65.83	(30.41)	nil
Smt Padmini Agarwal	35.15	51.78	(32.51)	nil
<b>Unsecured Loan:</b>				
Shri L N Agarwal	(42.00)	nil	(972.00)	(930.00)
Shri Paritosh K. Agarwal	(533.00)	nil	(1844.00)	(1313.00)
Smt Padmini Agarwal	(465.00)	460.00	(1867.00)	(1402.00)

## (ii) Sitting Fees paid to Independent Directors:

(All Amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2021	Receivable/ (Payable) as on 31.03.2020
Shri R Surender Reddy	0.38	0.43	nil	nil
Shri Navranglal Tibrewal	0.38	0.38	nil	nil
Shri R S Agarwal	0.38	0.38	nil	nil
Shri V V S Ravindra (Nominee Directors, IDBI Bank Ltd.)*	0.35	0.38	nil	nil
Shri Dhruv Vijai Singh	0.23	0.25	nil	nil
Smt Aruna Prasad	0.05	nil	nil	nil
Shri G Vivekanand	nil	0.05	nil	nil

\*paid to IDBI Bank Ltd. as per their directions

## (iii) Transaction with Relatives of Key Managerial Personnel

(All Amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2021	Receivable/ (Payable) as on 31.03.2020
<b>Rent:</b>				
Smt. Sabita Jain	10.20	10.20	(4.72)	(8.49)
<b>Unsecured Loans:</b>				

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(iv) Transaction with Enterprises over which key managerial personnel have significant influence:

(All Amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2021	Receivable/ (Payable) as on 31.03.2020
<b>Interest:</b>				
Shri L N Agarwal (HUF)	2.39	11.84	(2.21)	-
M/s. Jayman Dealers Pvt Ltd.	32.00	24.75	(46.88)	(22.28)
M/s.SVP Distributors Pvt. Ltd	30.48	36.89	(46.39)	(33.20)
<b>Unsecured Loans:</b>				
L N Agarwal (HUF)	-	88.00	(95.25)	(95.25)
Inter corporate Deposits:				
M/s Jayman Dealer Pvt Ltd.	-	308.00	(400.00)	(400.00)
M/s SVP Distributors Pvt Ltd	-	(125.00)	(381.00)	(381.00)
<b>Sales:</b>				
M/s. Jayman Dealers Pvt Ltd	-	56.11	nil	55.74
Purchase of fabric:				
M/s. Jayman Dealers Pvt Ltd	54.79	771.08	-	-
<b>Rent:</b>				
M/s. Jayman Dealers Pvt Ltd	2.40	2.40	(0.66)	(0.22)

### 35.4.5. Earnings per share (basic and diluted)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
(a) Profit/(loss) after tax from continuing operations (₹ in lakhs)	(493.58)	(1,607.64)
(b) Number of shares outstanding (face value of ₹ 10 each)	166.72	166.72
(c) Earnings Per Share from continuing operations (in ₹)	(2.96)	(9.64)
(d) Profit/(loss) after tax from discontinued operations (₹ in lakhs)	211.42	(1,569.82)
(e) Number of shares outstanding (face value of ₹ 10 each)	166.72	166.72
(f) Earnings Per Share from discontinued operations (in ₹)	1.27	(9.42)
(g) Earnings Per Share (c+f)	(1.69)	(19.06)

### 35.4.6. Non Current Assets Held for sale and discontinued operations

The company's garment division has become unviable on account of lack of demand/reduced margins due to cheaper imports of garments from Bangladesh, Sri Lanka etc., under FTA, high labour cost. As a result, in December 2019, the company has decided to close down the division and accordingly as required by the Ind AS 105, Non Current Assets held for Sale and Discontinued Operations, the operating results of the Garment division for all the periods presented have been regrouped and shown separately under profit/loss from discontinued operations (See note 33)

The company has identified buyers for sale of substantial part of Assets held for sale and is expected to sell the same in the current financial year 2021-22.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## 35.4.7. Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3 as described below.

### Level 1 – Quoted prices in an active market:

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of Listed Equity shares.

### Level 2 – Valuation techniques with observable inputs:

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

### Level 3 – Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### Financial Assets and Liabilities

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
<b>As at 31st March 2021</b>							
<b>Financial Assets</b>							
Investments (Refer note below)			7.73	7.73	7.73		
Trade Receivables	12,893.60			12,893.60			
Cash and cash equivalents	964.32			964.32			
Bank balances other than (ii) above	996.40			996.40			
Loans	618.91			618.91			
Others	5,684.74			5,684.74			
<b>Financial Liabilities</b>							
Borrowings	26,677.55			26,677.55			
Trade Payables	8,887.27			8,887.27			
Others	5,877.90			5,877.90			
<b>As at 31st March 2020</b>							
<b>Financial Assets</b>							
Investments (Refer note below)			5.21	5.21	5.21		
Trade Receivables	12,296.87			12,296.87			
Cash and cash equivalents	384.21			384.21			
Bank balances other than (ii) above	956.21			956.21			
Loans	594.13			594.13			
Others	6,013.09			6,013.09			

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
<b>Financial Liabilities</b>							
Borrowings	29,562.33			29,562.33			
Trade Payables	10,754.50			10,754.50			
Others	3,778.34			3,778.34			

Note: Investments in equity instruments are measured at FVTOCI in accordance with paragraph 5.7.5 of Ind AS 109.

## 35.4.8. Financial Risk Management Objectives and Policies

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company has a risk management policy which not only covers the foreign exchange risks, but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management framework aims to:

1. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the company's business plan.
2. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

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

### (i) Market Risk:

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

#### a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. Since the Company has only fixed interest-bearing debts, exposure to interest rate risk is minimal.

#### b. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

The following table demonstrates the sensitivity in the USD to the Indian Rupee with all other variables held constant. The impact on the company's profit before tax due to changes in the fair value of monetary assets and liabilities is given below:

(All Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Change in Rate	For the year ended	For the year ended
		31st March 2021	31st March 2020
USD	+ 0.50 %	(7.50)	(8.14)
	- 0.50%	7.50	8.14

- c. Other price risk Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk arising mainly from investments in Equity shares recognized at FVTOCI. Sensitivity analysis of 1% change in price of security as on reporting date.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on OCI	
	2020-21	2019-20	2020-21	2019-20
Mutual Fund (1% change in price)	nil	nil	0.08	0.05
<b>Total</b>	<b>nil</b>	<b>nil</b>	<b>0.08</b>	<b>0.05</b>

## (ii) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable.

## (iii) Liquidity Risk:

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

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

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Total	On Demand	< 1 year	1 to 5 years	> 5 years
<b>As at 31 March 2020</b>					
Borrowings – Non-Current	11,399.11	-	-	10,899.11	500.00
Borrowings – Current	18,163.22	16,528.75	1,634.47	-	-
Trade Payables	10,754.50	10,732.29	22.21	-	-
Other financial liabilities	3,778.34	1,685.77	2,092.57	-	-
<b>As at 31 March 2021</b>					
Borrowings – Non-Current	9,658.89	-	-	9,658.89	-
Borrowings – Current	17,018.66	15,029.40	1,989.26	-	-
Trade Payables	8,887.27	8,887.27	-	-	-
Other financial liabilities	5,877.90	1,562.05	4,315.85	-	-

## 35.4.9. Operating Segments

### Factors used to identify the reportable segments

The company's operating segments are established on the basis of those components of the company that are evaluated regularly by the Chairman & Managing Director (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The company has three principal operating and reporting segments; viz. Spinning, Denim (Fabrics), and Power Plant

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>1. Segment Revenue</b>		
Spinning	30,204.91	35,415.76
Denim	20,992.52	25,490.57
Power plant	-	388.02
Unallocated	52.11	48.15
<b>Total</b>	<b>51,249.54</b>	<b>61,342.50</b>
Less: Inter Segment Revenue	2,401.35	7,131.95
<b>Total Revenue</b>	<b>48,848.19</b>	<b>54,210.55</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>2. Segment Results</b>		
Spinning	2,969.82	2,744.97
Denim	173.28	(1,425.18)
Power plant	(400.18)	(382.88)
Unallocated	52.50	47.62
<b>Total</b>	<b>2,795.42</b>	<b>984.53</b>
Less: Interest	3,490.03	3,279.89
<b>Profit before tax from continuing operations</b>	<b>(694.61)</b>	<b>(2,295.36)</b>
<b>3. Segment Assets</b>		
Spinning	25,480.59	24,342.52
Denim	27,820.19	31,084.50
Power plant	10,788.30	11,219.58
Garment (held for sale)	563.37	3,874.56
Unallocated	4,109.62	2,112.82
<b>Total</b>	<b>68,762.07</b>	<b>72,633.98</b>
<b>4. Segment liabilities</b>		
Spinning	13,472.19	13,470.62
Denim	15,714.87	17,184.42
Power plant	12,985.27	12,567.60
Garment (relating to assets held for sale)	2,625.23	5,041.84
Unallocated	592.59	706.12
<b>Total</b>	<b>45,390.15</b>	<b>48,970.60</b>

**(a) Information about Products and Services**

(All Amounts in ₹ Lakhs, unless otherwise stated)

Products	Revenues
a. Yarn	28,076.10
b. Fabric	18,726.38
c. Garment	221.41
d. Sale of Waste	757.03
e. Cotton (Traded)	669.02
f. Export Benefit entitlement	341.28
g. Packing & Forwarding collection charges	5.22
h. Scrap Sales	9.73
<b>Total Revenue from operations (from continuing &amp; discontinued operations)</b>	<b>48,806.17</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

## (b) Information about geographical areas

(All Amounts in ₹ Lakhs, unless otherwise stated)

Geographical Location	Revenues	Non Current Assets other than financial instruments and deferred tax assets
(A) Within India	38,173.60	32,421.88
(B) Outside India		
- Bangladesh	4,793.71	
- Hongkong	2,273.02	
- France	1,143.74	
- Guatemala	743.60	
- Nepal	689.16	
- Egypt	276.89	
- UAE	247.42	
- South Korea	217.18	
- Others	247.85	
<b>TOTAL</b>	<b>48,806.17</b>	

## (c) Information about major customers

Revenue from transactions with a single customer exceed 10% or more of entity revenues - During the year under report and in the previous year there is no single customer having transactions with the Company's three operating segments exceeding 10% or more of the entity revenues.

### 35.4.10. Leases

#### First time Adoption w.e.f. 1st April 2019:

The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases. Therefore, additions at note 2 includes recognition of leasing arrangement towards Land (Amaravati) ₹ 571.87 lakhs, Non factory Buildings as Right-of-use (ROU) Assets of ₹ 49.62 lakhs and a Lease Liability of ₹ 49.62 lakhs as at April 1, 2019. Prior to April 1, 2019, the upfront lease amounts paid was presented under "Other non current assets - Prepaid Lease Rent" in Balance Sheet and amortized over the lease term of 95 years.

The company has elected, as per para C5(b) of Ind AS 116, to apply this Standard to its leases retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. On initial application, the company used the weighted average lessee's incremental borrowing rate (9%) for recognition of lease liabilities.

The company takes on lease premises (offices/godowns) for operations and storage purposes. Accordingly, the Company recognises a right-of-use asset and a lease liability for its leases, if the contract conveys the right to control the use of an identified asset.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	31st March 2021
Depreciation charge for right-of-use assets (pertaining to continuing and discontinued operations)	
(i) Land*	0.92
(ii) Non Factory Buildings	4.99
Interest expense on Lease liabilities (pertaining to continuing and discontinued operations)	2.29
Expense relating to Short term leases (pertaining to continuing and discontinued operations)	18.69
Additions to ROU assets	Nil
Carrying Amount of ROU assets at the end of the year	601.31

\*This pertains to upfront lease amount of ₹ 356.76 lakhs and ₹ 242.36 lakhs paid to Maharashtra Industrial Development Corporation (MIDC) towards factory land lease of Amaravati Unit -1 (Spinning Unit) and Amaravati Unit -2 (Weaving Unit) respectively for a period of 95 years.

## Maturity analysis of lease liabilities as of 31st March 2021

Particulars	Amount (₹ in lakhs)
Less than 1 year	10.99
1-5 years	15.13
> 5 years	0

### 35.4.11 Dues to Micro, Small and Medium Enterprises

On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

**The information as required to be disclosed w.r.t. Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) is as given below and the information mentioned under Trade Payable w.r.t. dues to Micro and Small Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied on by the Auditors :**

(i) Principal amount remaining unpaid as on 31st March, 2021	Nil
(ii) Interest due thereon as on 31st March, 2021	
(ii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the suppliers beyond the appointed day during the year.	Nil
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	Nil
(v) Interest accrued and remaining unpaid as at 31st March, 2021	Nil
(vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	Nil
Amount shown against dues to Micro, Small and Medium Enterprises under the head Trade Payables represents amount outstanding as on 31st March, 2021 which is not due for payment.	Nil

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

**35.4.12** The impact of COVID-19 on the operations and profitability of the Company will unfold only in the coming months after the markets open up and travel restrictions are eased internationally. The demand for textiles has been badly impacted. The situation is yet to become normal in many parts of the world. The domestic demand has been greatly impacted due to the lock down and the effect of the Central Government economic package in reviving demand. In this scenario, the Company hopes to grab any encouraging developments to its advantage to improve the profitability. The coming year 2021-22 has already started on a shaky ground. The second or third wave of Covid-19 will impact the performance of the Company in the first quarter of the year.

**35.4.13** Previous Year's figures have been reclassified, wherever necessary so as to conform with those of Current Year.

as per our report of even date

for **K S Rao & Co.**  
Chartered Accountants  
Firm Registration No.: 003109S

**(P Govardhana Reddy)**  
Partner  
Membership No. 029193

Place: Hyderabad  
Date: 10-05-2021

For and on behalf of Board of Directors

**(E.V.S.V. Sarma)**  
Company Secretary

**(P.S. Subramanyam)**  
President (Finance)

**(L. N. Agarwal)**  
Chairman & Managing Director  
DIN: 00008721

**(Paritosh K. Agarwal)**  
Managing Director  
DIN: 00008738

**(Navrang Lal Tibrewal)**  
Director  
DIN: 00030151

## NOTICE

NOTICE is hereby given that the 58th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Thursday, 30th September, 2021 10.30 A.M through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for which purpose the Registered Office of the Company situated at 6th Floor, Surya Towers, 105, S.P.Road, Secunderabad – 500 003 shall be deemed as the venue for the Meeting and the proceedings of the AGM shall be deemed to be made thereat, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2021 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. Paritosh Agarwal, Managing Director (DIN: 00008738) who retires by rotation and who, being eligible, offers himself for reappointment.

### SPECIAL BUSINESS:

- 3: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with SEBI (LODR) Regulations, 2015, Smt. Aruna Prasad (DIN: 01764087), aged 62 years, who was appointed as an Additional Director of the company with effect from 01/02/2021 by the Board of Directors pursuant to section 161 of the Companies Act, 2013 and as recommended by the Nomination and Remuneration committee and who holds office only up to this Annual General meeting of the company be and is hereby appointed as a Non-Executive and Non- Independent Director of the Company, whose period of office will be liable to retirement of director by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary in the matter for making submissions at stock exchanges, Registrar of Companies and all other authorities in this regard.”

### Item 4: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

**“RESOLVED THAT** pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Section 149 & 152 and Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with SEBI (LODR) Regulations, 2015, Sri Dhruv Vijai Singh (DIN: 07180749), aged 68 years, who has submitted a declaration confirming his compliance with the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with Listing Regulations, as amended from time to time and who is eligible for reappointment for a second term under the provisions of Companies Act, 2013 and the Rules made there under and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the Office of Director pursuant to Section 160 of the Companies Act, 2013 as an Independent Non- Executive Director of the Company, be and is hereby reappointed as an Independent Director for a second term of five consecutive years from 27/07/2021.

**“RESOLVED FURTHER THAT** Sri Dhruv Vijai Singh, as an Independent Director shall not be liable for retirement by rotation during the tenure of his office.”

### Item 5: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

**“RESOLVED THAT** the Company do hereby approve in terms of Section 180 and other applicable provisions if any, of the Companies Act, 2013 the mortgaging and/or charging by the Board of Directors(“Board”) of the Company of all the movable and immovable properties of the Company where so ever situate, present and future to secure,

The Working Capital facilities including FITL sanctioned by Working capital lenders (State Bank of India, IDBI Bank Ltd, Union Bank of India (erstwhile – Andhra Bank), DBS Bank India Limited (erstwhile-Lakshmi Vilas Bank) a

- 1) Paripassu First charge created on all the properties of Borrower’s i.e., Land and building including Movable and Immovable fixed assets of the plant, measuring area of Ac 39-33 Guntas situated at Sy.No 1424,1425,1426, 1391/2, 1390/1 & 1391/1 in Amangal

Village and Mandal, R.R. District, Telangana and the current assets like stocks, receivables etc.

- 2) Second charge on pari-passu basis in favour of working capital lenders in consortium on the fixed assets (excluding vehicles) of the Company at Registered Office, Secunderabad in the State of Telangana, and Amravati & Ramtek in the State of Maharashtra. AND a First charge on paripassu basis to secure the Loan facilities of Term Lenders (IDBI Bank, Axis Bank, Union Bank of India, DBS (e-LVB), South Indian Bank, Exim Bank) on the immovable properties of the Company at Registered Office, Secunderabad in the State of Telangana, Amravati & Ramtek in the State of Maharashtra.

Second charge on pari passu basis amongst the Term Loan facilities of Lenders on the properties on all the properties of Borrower's Land and building including Movable and Immoveable fixed assets of the plant, measuring area of Ac 39-33 Guntas situated at Sy.No 1424,1425,1426, 1391/2, 1390/1 & 1391/1 in Amangal Village and Mandal, R.R. District and on current assets like stock, book debts etc. together with power to take over the management of the business and concern of the Company in certain events to or in favour of SBICAP Trustee Company Limited (SBICAP TRUSTEE), the security trustee acting for the benefit of the Company's Term Lenders and Working Capital Lenders together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s) entered/to be entered into by the Company.

**"RESOLVED FURTHER THAT** the Company do hereby authorize the Board to take all necessary steps for the execution of the documents for creation of the aforesaid mortgage/charge".

**"RESOLVED FURTHER THAT** the Company do hereby confirm and ratify the execution of the documents for creation of aforesaid mortgage / charge."

**Item 6: TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** the Company do hereby approve in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of Rs.80,000/- (Rupees Eighty Thousand only) plus out of pocket expenses payable to M/S. S. Hariharan & Associates., (Firm Registration No. 100486), Cost Accountants for the cost audit to be conducted by

them of the cost records of the Company for the financial year 2021-22."

By Order of the Board of Directors  
for **SURYALAKSHMI COTTON MILLS LIMITED**

Place :Secunderabad

Date : 10th May, 2021.

**E.V.S.V.SARMA**  
COMPANY SECRETARY

**NOTES :**

1. The register of members and share transfer books will be closed from Thursday, 23rd September, 2021 to Thursday, 30th September, 2021 (both days inclusive) for the purpose of Annual General Meeting.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses specified above is annexed hereto.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 13th January, 2021 permitted the Companies to conduct their AGM's in accordance with the earlier circulars through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue and accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
4. **The facility for appointment of proxies will therefore not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
5. Institutional / Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. KFin Technologies Private Limited (Kfintech) the Registrar and Transfer Agents, by email through its registered email address to evoting@kfintech.com
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members

whose email addresses are registered with the Company or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.suryalakshmi.com](http://www.suryalakshmi.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Kfintech at [www.kfintech.com](http://www.kfintech.com).

8. The Notice calling the AGM has been uploaded on the website of the Company in the Investor Relations Section under Financials in the Annual Reports tab. The complete Annual Report is also available in the same section. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting@kfintech.com](http://www.evoting@kfintech.com).
9. The attendance of the Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. The Company has engaged the services of M/s. KFin Technologies Private Limited, Registrar and Transfer Agent as the authorised agency (Kfintech) for conducting of the e-AGM and providing e-voting facility.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8 April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021 the Company is providing facility for voting by electronic means for all its Members to enable them to cast their vote electronically and the business may be transacted through such e-voting.
12. The recorded transcript of the forthcoming AGM on 30th September, 2021, shall also be made available on the website of the Company [www.suryalakshmi.com](http://www.suryalakshmi.com) in the Investor Relations Section, as soon as possible after the Meeting is over.
13. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
14. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.
15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the Bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP's in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, KFin Technologies Private Limited in case the shares are held by them in physical form.
16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed Companies can be transferred only in dematerialized form with effect from April 1, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or KFin Technologies Private Limited for assistance in this regard.
17. The Companies Act, 2013 provides for the facility of nomination to the members in a Company. Accordingly, members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to Registered Office of the Company. The forms are available at the Registered Office.
18. During the year, amount of Un-claimed Dividend for the financial year 2012-13 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Final Dividend for financial year 2013-14 is due for deposit to the Investors Education and Protection Fund on 10th September, 2021.
19. The Company transferred 3949 Equity Shares of the Company into the DEMAT Account of the IEPF Authority held with NSDL in terms of the provisions of section 124(6) of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. These Equity Shares were the Shares of such Shareholders

whose unclaimed/ unpaid dividend pertaining to financial year 2012-13 had been transferred into IEPF and who have not encashed their dividends for 7(Seven) subsequent financial years. Concerned Shareholders may still claim the shares or apply for refund to the IEPF Authority in Web Form No.IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in)

20. In case the Dividend has remained unclaimed in respect of financial years 2013-14 to 2016-17 the Shareholders may approach the Company with their dividend warrants for revalidation with the Letter of Undertaking for issue of duplicate dividend warrants. The Company regularly sends letters/ emails to this effect to the concerned Shareholders.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
22. Pursuant to the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed at the Annual General Meeting is given in the Annexure to the Notice.

#### **A. Instructions for attending the AGM:**

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://ris.kfintech.com/vc/login2vc.aspx> by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves at <https://ris.kfintech.com/agmvcspkeregistration>. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Those

Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.

3. Facility of joining the AGM through VC / OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
4. Members who need technical assistance before or during the AGM, can contact Kfintech at <https://ris.kfintech.com/agmqa/agmqa/login.aspx>.

#### **B. Instructions for e-voting**

1. In compliance with the provisions of Section 108 of the Act read with Rules made there under and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. Wednesday, 22nd September, 2021 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. Kfintech will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 9.00 A.M. (IST) on Saturday, 25th September, 2021 to 5.00 P.M. (IST) on Wednesday, 29th September, 2021. At the end of Remote e-voting period, the facility shall forthwith be blocked.
2. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
3. The Members present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting, and

- are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
4. The procedure and instructions for e-voting are as follows:
    - a. Open your web browser during the remote e-voting period and navigate to "https://evoting.karvy.com".
    - b. Enter the login credentials (i.e., user id and password) mentioned in the communication. You're Folio No. / DP ID No. / Client ID No. will be your User- ID. User - ID: For Members holding shares in Demat form For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID User - ID: For Members holding shares in Physical Form: - Event Number followed by Folio No. registered with the Company Password: Your unique password is sent via e-mail forwarded through the electronic notice Captcha: Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.
    - c. After entering these details appropriately, click on "LOGIN".
    - d. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #,\$, etc.). Kindly note that this password can be used by the Demat holders for votings in any other Company on which they are eligible to vote, provided that the other company opts for e-voting through Kfintech e-Voting platform. System will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential..
    - e. You need to login again with the new credentials.
    - f. On successful login, system will prompt you to select the 'Event' i.e. 'Company Name'.
    - g. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and have cast your vote earlier for any company, then your existing login ID and password are to be used.
    - h. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents the number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not wish to vote, please select 'ABSTAIN'.
    - i. After selecting the Resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote..
    - j. Once you 'CONFIRM' your vote on the Resolution whether partially or otherwise, you will not be allowed to modify your vote.
  5. Corporate Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board or governing body Resolution / Authorisation together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to 'evoting@karvy.com' (Details are given in point 4 above). The file / scanned image of the Board Resolution / authority letter should be in the format viz. 'Corporate Name Event no.'
  6. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the cut-off date being Wednesday, 22nd September, 2021. In case of joint holders, the Member whose name

appears as the first holder in the order of names as per the Register of Members of the Company shall be entitled to vote at the AGM.

7. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://evoting.karvy.com/> to reset the password.
8. The Board of Directors have appointed Sri K.V.Chalama Reddy, Practising Company Secretary or in as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit his report to the Chairman or any person authorised by him after completion of the scrutiny and the results of voting will be announced after the AGM of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at [www.suryalakshmi.com](http://www.suryalakshmi.com) and also on the website of Kfintech at <https://evoting.karvy.com/>.
9. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Kfintech's website <https://evoting.karvy.com> or contact toll free no. 1800 4250 999.

#### **STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

##### **ITEM NO.3**

TO APPROVE THE APPOINTMENT OF SMT. ARUNA PRASAD (DIN: 01764087) AS DIRECTOR LIABLE TO RETIRE BY ROTATION.

Smt. Padmini Agarwal resigned from the Board as Director in November, 2020. The SEBI (LODR) Regulations, 2015 require that every Company shall have at least one woman Director on the Board.

Smt. Aruna Prasad, Practising Cost Accountant has joined the Board as an Additional Director on 01/02/2021 and

shall retire at the ensuing Annual General Meeting and she has to be appointed as a Director liable to retire by rotation at the AGM. Smt. Aruna Prasad, aged 62 years is based out of Chennai and is a member of Institute of Cost Accountants of India.

The Nomination & Remuneration Committee has recommended to the Board her appointment.

No. of shares held by Smt. Aruna Prasad as on 31/03/2021 in the Company is NIL.

No other Director / Key Managerial Personnel / their relatives is interested in the resolution.

The Board recommends this item for members' approval.

##### **Item No.4**

#### **REAPPOINTMENT OF SRI. DHRUV VIJAI SINGH AS AN INDEPENDENT DIRECTOR FOR A SECOND TERM OF 5 YEARS.**

Sri Dhruv Vijai Singh (DIN 07180749), aged 68 years had a distinguished career as an IAS officer at senior levels in the Government of India and has vast experience in policy formulation and time bound implementation. He was involved in several international negotiations on strategic issues between states. He has also held different positions like Principal Secretary, Finance and Principal Secretary, Power, etc., in the State Government.

The present tenure of Sri Dhruv Vijai Singh comes to an end on 27/07/2021. Based on the recommendation of the Nomination Remuneration Committee, the Board in its meeting held on 10/05/2021 reappointed him as an Independent Director for a period of 5 years from 28/07/2021, subject to the approval of the members of the Company in the ensuing Annual General Meeting.

In the opinion of Board of Directors, Sri Dhruv Vijai Singh satisfies the conditions prescribed in the Act and the Corporate Governance norms for an Independent Director and the Board recommends his reappointment to the members of the Company for a period of 5 years from 28/07/2021 to 27/07/2026 and he shall not be liable to retirement by rotation during this tenure.

Names of the other Companies in which he is a Director: NIL.

No. of shares held by Sri Dhruv Vijai Singh as on 31/03/2021 in the Company is NIL.

Except Sri Dhruv Vijai Singh, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

**Item No. 5****MORTGAGE IN FAVOUR OF SBI CAP TRUSTEE LTD.**

The company has approached its Bankers for restructuring of its debt profile under the RBI's Resolution frame work for Covid 19 related financial stress.

The company has appointed SBI Cap Trustee Ltd as a security trustee to hold the Company's title deeds on behalf of all the lenders to ensure security perfection.

Under the terms of sanction of the Company's lenders the working capital facilities sanctioned by the lenders is to be secured by a 1st paripasu charge on the immovable properties located at Amangallu [Survey Nos. 1424, 1425, 1426 and 1391/2, 1390/1 & 1391/1] and first paripassu charge on the movable properties including Plant & Machinery and current assets like stocks, books etc and 2nd charge on the company's immovable properties at Registered Office at Secunderabad, Telangana and in the immovable properties at Company's Denim Division - Ramtek and Spinning Division in Amaravathi both in state of Maharashtra.

The term loan facilities to the Company are to be secured by a second paripassu charge in favour of term lenders on the Company's immovable properties located at Amangallu [Survey Nos. 1424, 1425, 1426 and 1391/2, 1390/1 & 1391/1] and second paripassu charge on the movable properties including movable Plant & Machinery and current assets like stocks, books etc and 1st paripassu charge on the company's immovable properties at Registered Office at Secunderabad, Telangana and the immovable properties at Company's Denim Division - Ramtek and Spinning Division in Amaravathi both in state of Maharashtra.

As the approval of the members for the mortgage on the immovable properties of the Company together with the right to take over of the Management under certain

circumstances might be construed as disposal of the undertaking of the Company, the approval by way of special Resolution to this Resolution under Section 180 of the Companies Act is deemed necessary.

No Director/KMP of the Company is concerned/interested in this Resolution.

The Board recommends the Resolution to the Members for their approval.

**ITEM NO.6 : RATIFICATION OF THE REMUNERATION OF COST AUDITOR**

Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditors) Rules, 2014 provides for the appointment and the remuneration of the Cost Auditor for the audit of the cost records of the company by the Board and the remuneration of the Cost Auditor is to be ratified by the members of the company. The appointment of M/S. S. Hariharan & Associates., has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2021-22 on a remuneration of H.80,000/- plus out of pocket expenses. The ratification by the members to this remuneration is being sought in this resolution. The Board recommends the resolution for the approval of the members.

None of the Directors / Key Managerial Personnel / their relatives of the Company is interested in this resolution.

By Order of the Board of Directors  
for **SURYALAKSHMI COTTON MILLS LIMITED**

Place :Secunderabad  
Date : 10th May, 2021.

**E.V.S.V. SARMA**  
COMPANY SECRETARY





**SURYALAKSHMI COTTON MILLS LIMITED**

105, 6th Floor, Surya Towers, S.P. Road

Secunderabad - 500 003

(CIN: L17120TG1962PLC000923)

