



Suryalakshmi Cotton Mills Limited  
Annual Report 2019-20

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# 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**

Whole time Director

### **Sri Dhruv Vijai Singh**

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

Aruna Prasad & Co. Chennai

## Bankers

State Bank of India  
Industrial Finance Branch Hyderabad

IDBI Bank Limited  
Saidapet, Chennai.

Andhra Bank,  
Somajiguda, Hyderabad.

The Lakshmi Vilas Bank Limited  
Bank Street, Koti, 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) 27885000  
Fax Nos.(040) 27846854  
Website : [www.suryalakshmi.com](http://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 – 440 010.

### **Denim Division**

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

## Registrar and Transfer Agent

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

# DIRECTORS' REPORT

To  
The Members

Your Directors are pleased to present their Fifty Seventh Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2020.

## Financial Results

	(₹ in Lakhs)	
	2019-2020	2018- 2019
Gross Profit before Interest & Depreciation	3184.23	4788.63
<b>Less</b> : Interest	3279.89	3402.40
: Depreciation & Amortisation expense	2202.19	5482.08
Profit/(Loss) before prior year Adjustment	(2297.85)	(911.01)
Exceptional Items *	2.49	19.05
Profit / (Loss) before tax for the year	(2295.36)	(891.96)
<b>LESS</b> : Deferred tax liability	(687.72)	(421.74)
Profit / (Loss) after tax from continuing operations	(1607.64)	(470.22)
Profit / (Loss) from discontinued operations	(2274.36)	533.76
Tax expense on discontinued operations	(704.54)	160.15
Profit / (Loss) after tax from discontinued operations.	(1569.82)	373.61
Profit / (Loss) for the period	(3177.46)	(843.83)
Other Comprehensive Income	(131.46)	(31.35)
Total Comprehensive Income for the period	(3308.92)	(875.18)
<b>ADD</b> : Opening other Equity	25127.77	26240.09
<b>LESS</b> : Opening stock Revaluation difference	-	(237.14)
	21818.85	25127.77
Dividend on Equity share capital	-	-
Corporate Dividend Tax	-	-
Transferred to General Reserve	-	-
Profit transferred to balance sheet	21818.85	25127.77

## OPERATIONS

The operations for the year have resulted in a loss before tax of ₹2295 lakhs. The total revenue for the year at ₹542.70 Crores is less by around 19% over the previous year.

The year under review has been particularly tough for the Company on several fronts. The Company's denim division had suspended operations from 13th February, 2019 due to a strike by the workers and then declared a lock out from 8th March, 2019. Operations were resumed from first of July. Even as the Denim industry was grappling with excess capacity and sluggish demand both in domestic

and international markets, the COVID-19 pandemic started affecting India. In the last week of financial year, the Central Government ordered a nationwide lock down, resulting in all the production activities coming to a standstill.

The production in the spinning division was more or less stagnant, while denim division registered significant drop in production compared to previous year. The sales realization in both yarn and denim segments was less compared to the previous year. Denim volumes were also significantly lower.

## GARMENT DIVISION

Of late the Company's Garment Division had become unviable on account of lack of demand, reduced margins, cheaper imports of garments from Bangladesh / Sri Lanka under FTA, higher labour cost, blocked GST refunds, sharp decline in ROSL rates, reduced garment duty drawback rates resulting in cash losses in the Division, impacting overall cash losses of the Company. To cut further losses in future, the Board decided to close down the operations of the Division with effect from March, 2020 and dispose off the Land and Plant & Machinery and use the sale proceeds to reduce the Debt.

## POWER PLANT

In view of subsidy provided by the State Government of Maharashtra to textile units, grid power has become cheaper than the generated power and the Company has therefore not been operating the power plant and has been drawing power from the grid. Also the open grid access is not viable at all in Maharashtra on account of the high cross subsidy. After a complete evaluation of the prevailing situation, the Board decided on closing down the operations of the Power Plant with effect from 01/11/2019.

## DIVIDEND

In view of the losses, the Board regrets its inability to recommend a dividend for the year 2019-20.

## CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of ₹143.27 lakhs.

## EXPORTS

During the year, the Company achieved export turnover of ₹120.12 Crores. This turnover, though less than the previous year turnover by 33%, has been achieved inspite of severe constraints like a prolonged strike/lockout at the Company's Denim Unit, which lasted for nearly 5 months, the consequent disruption in the export business, etc., and then the impact of COVID-19. The Company however, strives hard to maintain and retain the confidence of the key customers and continues to supply fabrics to well-known brands like Lee Wrangler, levis, Dickies, Wal-Mart, Next, Matalan, Jack & Jones, Zara, etc. The Company continues to concentrate on fabric innovation, R&D and sustainability. The COVID-19 has impacted international markets also and full effect will be felt only in the future. The

Company however is confident of facing these adversities also as it has done in the past.

## FUTURE OUTLOOK

During the second half of the March, 2020, the COVID-19 pandemic started impacting the Indian and International business environment. After the lifting of the lockdown, the Spinning Divisions in Amanagallu & Amravati resumed production operations on a reduced scale from 2nd week of May, 2020. The Denim industry has already been reeling under the impact of excess capacity and reduced demand. It is expected that textile industry will suffer a loss of demand of atleast 25-35%. The Denim Division has not started operations as the markets in Mumbai & Delhi have been closed under the impact of lock down following the pandemic on account of non availability of labour and also very poor consumer interest in general. The denim division is yet to resume operations as the domestic markets for denim in Delhi /Mumbai are still closed.

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 and it appears will affect the 1st half of the financial year 2020-21 very badly. A moderate recovery is expected, that too subject to the revival schemes under the Government initiatives being well received in the 2nd half of the year. 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 is yet to be felt. In this scenario, the Company hopes to grab any encouraging developments to its advantage to improve the profitability

## DIRECTORS

During the year, Dr.G.Vivekanand (DIN : 00011684) has resigned from the Board due to other preoccupations. The Board wishes to place on record its appreciation for the valuable services rendered by Dr.G.Vivekanand.

The Board, on the recommendation of Nomination and Remuneration Committee has reappointed Sri Paritosh Agarwal (DIN No.00008738) as Managing Director for a further period of 5 years subject to the approval of the members in the ensuing Annual General Meeting.

The Board, on the recommendation of Nomination and Remuneration Committee has reappointed Sri R.S.Agarwal (DIN: 00012594) and Sri Navrang Lal Tibrewal (DIN: 00030151) as Independent Director for a second term of 5 years from 29/07/2020 subject to the approval of the members in the ensuing Annual General Meeting.

## 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 were 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 10, 2020, 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) 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

### i) 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 2019-2020. 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. 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/policyonrelated.html>

**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 week of May, 2020 and denim unit is yet to resume production. The financial impact on the profitability cannot be immediately assessed.

**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 and 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.

The Company could not spend the planned amounts on the CSR activities in view of certain pending approvals from the local authorities. Steps are being taken to obtain the same at the earliest and complete the commitments.

## 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 14/11/2019.

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

## 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. Pursuant to Section 148 of the Companies Act, 2013 the Board of Directors on the recommendation of the Audit Committee, has appointed M/s.Aruna Prasad & Co., Cost Accountants (Firm Registration No.100883) 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.Aruna Prasad Co., 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 2020-2021. The report of the Secretarial Auditor 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 : 27th June, 2020.

Place : Secunderabad

**L.N.AGARWAL**

Chairman & Managing Director

## Annexure - 1

## 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 endeavors 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	3
Sri Navrang Lal Tibrewal DIN : 00030151	Non-Executive – Independent	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
Dr.G.Vivekanand * DIN No. 00011684	Non-Executive – Independent	FOURTEEN a) Visaka Industries Ltd.	1	0
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive – Independent	Nil	Nil	Nil

\* Resigned from the Board w.e.f. 06/11/2019.

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

Names of Directors	No. of Board Meetings attended during the period 1st April, 2019 to 31st March, 2020	Attendance at the last Annual General Meeting held on 30/09/2019
Sri L.N. Agarwal	5	Present
Sri Paritosh Agarwal	5	Present
Sri R.Surender Reddy	5	Present
Sri Navrang Lal Tibrewal	4	Absent
Sri R.S. Agarwal	4	Absent
Smt. Padmini Agarwal	4	Absent
Dr.Vivekanand *	Nil	Absent
Sri Dhruv Vijai Singh	4	Absent
Sri V.V.S. Ravindra	4	Absent

\* Resigned from the Board w.e.f. 06/11/2019

**c) During the financial year ended March 31, 2020 - Five Board Meetings were held on 30/05/2019, 14/08/2019, 14/11/2019, 16/12/2019 and 10/02/2020.****d) Disclosure of relationships between Directors inter-se:**

Names of Directors	Inter-se relationship
Sri L.N. Agarwal	Father of Paritosh Agarwal
Sri Paritosh Agarwal	Son of L.N.Agarwal
Sri Padmini Agarwal	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, 2020 are furnished below:**

Name of the Director	Designation	No. of Equity shares
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
Dhruv Vijai Singh	Director	NIL
Dhruv Vijai Singh	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.

Businesses of the Company	Core Skills / Expertise / Competencies	Name of the Director having the expertise
<b>a) Yarn</b>	a) Textile Technology - Developments / trends	Sri L.N.Agarwal / Sri Paritosh Agarwal
<b>b) Fabric</b>		
<b>c) Garment</b>	b) Cotton Markets - price trends / quality	Sri L.N.Agarwal / Sri Paritosh Agarwal
<b>d) Power</b>	/ procurement	
	c) Knowledge of Indian / Foreign Markets	Sri Paritosh Agarwal / Sri V.V.S.Ravindra / Sri Dhruv Vijai Singh
	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 fulfil 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 Independent Director Dr.G.Vivekanand has resigned with effect from 06/11/2019 due to preoccupation with other activities and in his resignation letter he has confirmed that there are no material reasons other than what is specified by him in his 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, 2020 - Four Audit Committee Meetings were held on 30/05/2019, 14/08/2019, 14/11/2019 and 10/02/2020

Name	No. of Meetings attended
Sri R.S.Agarwal	4
Sri R.Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Sri V.V.S.Ravindra	3

**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, 2020, One Remuneration Committee Meetings was held on 30/05/2019 and 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 31/03/2020)

Name	Designation	Amount (₹)
Sri R.Surender Reddy	Independent Director	40000/-
Sri Navrang Lal Tibrewal	Independent Director	35000/-
Sri R.S.Agarwal	Independent Director	35000/-
Sri Dhruv Vijai Singh	Independent Director	22500/-
Dr. G.Vivekanand *	Independent Director	Nil
Sri V.V.S.Ravindra	Nominee - IDBI	37500/-

<sup>®</sup> exclusive of incidental expenses

\* Resigned from the Board 06/11/2019.

### 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 01/04/2019 to 31/03/2020) \*

Name	Designation	Salary & Commission (₹ in lakhs)	Perquisites (₹ in lakhs)	Total (₹ in lakhs)
L.N.Agarwal	Chairman & Managing Director	76.11	0.07	76.18
Paritosh Agarwal	Managing Director	68.50	0.28	68.78
Padmini Agarwal	Whole Time Director	45.67	--	45.67

- (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

- |      |                      |   |   |
|------|----------------------|---|---|
| i.   | Sri Paritosh Agarwal | - | Chairman, Executive Director                  |
| ii.  | Smt Padmini Agarwal  | - | Member, Executive Director                    |
| iii. | Sri Siddhant Sharma  | - | Member, Chief Executive Officer (Denim Divn.) |
| iv.  | Sri R.L.Narayana     | - | Member, President (Amanagallu Unit)           |
| v.   | Sri P.S.Subramanyam  | - | Member, President (Finance)                   |

## 7. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

### a) Name of Non-Executive Director heading the Committee

Sri Navrang Lal Tibrewal

### b) Name and designation of Compliance Officer.

Sri E.V.S.V.Sarma, Company Secretary.

### c) Number of Shareholders Complaints received so far.

No. of Complaints received during the Year – Nil

### d) Number not solved to the satisfaction of shareholders

NIL

### e) Number of pending complaints.

NIL

## 8. GENERAL BODY MEETINGS:

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

Financial Year	Date	Venue	Time
2016-2017	28/08/2017	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
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.

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

1. At the AGM held on 28/08/2017 –
  - (i) Amendment in Articles of Association.
  - (ii) Ratification and Approval of Mortgage

2. At the AGM held on 29/09/2018 –
  - (i) Ratification and approve of Mortgage.
3. At the AGM held on 30/09/2019 –
  - (i) Ratification of creation of Mortgage
  - (ii) Reappointment of Sri L.N.Agarwal, Chairman & Managing Director
  - (iii) Reappointment of Smt. Padmini Agarwal, Wholetime Director
  - (iv) Ratification of Remuneration paid to Sri Paritosh Agarwal

**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 : Saturday, 31st October, 2020.

Time : 10.30 A.M

Venue : Registered Office



**b) Financial Year**

1st April to 31st March following

**c) Date of Book Closure**

Saturday, 24th October, 2020 to Saturday, 31st October, 2020 (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) and 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 (₹)		SHARE PRICE (₹)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2019	34.70	29.65	36.00	28.00	39487.45	38460.25
May, 2019	35.60	28.40	35.20	27.05	40124.96	36956.10
June, 2019	31.05	22.60	30.20	20.00	40312.07	38870.96
July, 2019	28.80	20.10	27.50	20.50	40032.41	37128.26
August, 2019	25.40	14.60	24.60	15.35	37807.55	36102.35
September, 2019	23.70	15.55	24.50	15.50	39441.12	35987.80
October, 2019	20.95	15.75	20.50	15.60	40392.22	37415.83
November, 2019	19.00	15.40	21.60	14.20	41163.79	40014.23
December, 2019	20.00	16.55	20.50	17.05	41809.96	40135.37
January, 2020	26.60	16.35	27.10	16.95	42273.87	40476.55
February, 2020	22.75	17.35	22.80	15.20	41709.30	38219.97
March, 2020	21.65	11.40	20.00	12.75	39083.17	25638.90

**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 31.03.2020**

Particulars	No. of Shares	% of Holding
Promoters	9326889	55.94
Indian Public	6125445	5.24
Bodies Corporate	873676	0.40
Banks & Financial Institutions	67266	0.98
Non Resident Indians	163972	0.39
IEPF	65027	0.08
Unclaimed Suspense Account	12841	0.22
Others (clearing members, NBFC's & NRI-Non Repatriation)	37174	36.75
<b>TOTAL</b>	<b>16672290</b>	<b>100.00</b>

**Distribution Schedule - Consolidated As on 31-03-2020**

Nominal Value	Holders		Amount	
	Number	% to Total	in ₹	% to Total
01-5000	6,638	80.70	88,43,740	5.30
5001- 10000	757	9.20	61,13,630	3.66
10001- 20000	375	4.56	58,01,140	3.48
20001- 30000	142	1.73	36,19,930	2.17
30001- 40000	56	0.68	20,44,680	1.23
40001- 50000	54	0.66	25,44,370	1.53
50001- 100000	100	1.22	70,82,170	4.25
100001 & above	103	1.25	13,06,73,240	78.38
<b>TOTAL</b>	<b>8225</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) 16598948 shares amounting to 99.56% of the Capital have been dematerialised by investors as on 31st March, 2020.

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  
Karvy 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, 2020, 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 2019-20 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) Details of non-compliance by the company, penalties, 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/policyonrelated.html>.

**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 31/03/2020.

**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 SEBI 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 31/03/2020.**

SL. No.	Payments to the Statutory Auditors (excluding taxes)	(₹ 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.	2.30
4.	Reimbursement of expenses.	--
	<b>TOTAL</b>	<b>7.10</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) 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.  
14 shareholders –12841 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, 2019.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place : Secunderabad  
Date : 27<sup>th</sup> June, 2020

**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, 2020 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 : 27<sup>th</sup> June, 2020

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

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

# INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

**Suryalakshmi 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 2020, 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, 2020.
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 : 27th June, 2020

ICAI Membership No. 029193  
UDIN : 20029193AAAAHG1403

# 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 : 27<sup>th</sup> June, 2020

**K.V.Chalama Reddy**

Practising Company Secretary  
(M.No.F9268, C.P.No.5451)  
(UDIN No.F009268B000486580)



## Annexure - 2

## 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<br>Sri R.Surender Reddy – Member<br>Sri Paritosh K.Agarwal – Member   |  |
| 3. | Average net profit of the Company for last three financial years (Profit before Tax)   | ₹765.26 lakhs  |  |
| 4. | Prescribed CSR expenditure (two percent of the amount as in Item 3 above)  | ₹5.71 lakhs  |  |
| 5. | Details of CSR spent during the financial year.  |  |  |
|    | a) Total amount to be spent for the financial year;  | ₹15.31 lakhs   |  |
|    | b) Amount unspent, if any;   | ₹9.60 lakhs  |  |
|    | c) Manner in which the amount spent during the financial year is detailed below.   | Please refer to the statement at page 24   |  |
| 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 profit the reasons for not spending the amount in the Board Report. | Please refer to Directors' Report at Page No. 05   |  |
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 &amp; MANAGING DIRECTOR

**L.N.AGARWAL**

CHAIRMAN OF CSR COMMITTEE

DATE : 27/06/2020

PLACE : SECUNDERABAD

CSR PAYMENTS MADE UPTO THE YEAR ENDED 31.03.2020						
1	2	3	4	5	6	7
S. NO. OR ACTIVITY IDENTIFIED	CSR PROJECT	SECTOR IN WHICH THE PROJECT IS COVERED	PROJEC TS OR PROGRAMMES (1) Local Area or Other (2) Specify the State & Dist. Where Projects or Programmes was Undertaken	AMOUNT OUTLAY(BUDGET) PROJECT OR PROGRAMS WISE	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD FOR THE FY 2019-20	AMOUNT SPENT: Direct or through Implementing Agency
1	Gau Seva	Animal Welfare Project	Hyderabad, Telangana State, Nagardhan, Ramtek, Nagpur, Maharashtra	1,60,000	90,000	Bhagyanagar Gau Seva & Nehru Zoological Park
2	Promoting Education	Renovation of Schools, Dress Materials, Benches, Books, Dining Halls & Ayachit Mandir Road, Nagapur, Maharashtra	MPP Middle School, Vitaipally, Amangallu, Telangana	92,000	73,250	Bhosla Vedshastra Sanskrit Mahavidyalaya & Gramin Patrakar Sangh
3	Health Care	Preventive Health Care	ZPHS, Thumullur, Telangana & Khanhan, Nagpur Maharashtra	2,10,000	1,13,395	Shri Saibaba Sansthan Trust & Vidharba Bhumi Putra Association & Morepan Limited
4	Annadanam	Eradicating Hunger	Secunderabad, Telangana & Ramtek, Maharashtra & Dabipur, Medchal, Telangana	3,60,000	2,84,500	AMBA FESTIVAL TRUST & International Society For Krishna Consciousness
5	Rural Development	Rural Development Projects	Nandhagaupet, Amravathi, Maharashtra	15,000	10,000	Direct by the Company
<b>TOTAL</b>				<b>8,37,000</b>	<b>5,71,145</b>	

CSR AMOUNT TO BE SPENT DURING THE FY : 2019-20 ₹15.31 Lakhs

## Annexure 3

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2020

**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,  
**Suryalakshmi Cotton Mills Limited**  
Secunderabad.

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 **Suryalakshmi 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, 2020 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, 2020 ("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;
  - 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 (Depositories 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**

Place: Hyderabad  
Date: 27/06/2020

Practising Company Secretary  
M. No.F9268, C.P No: 5451  
UDIN No. F009268B000396578

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  
**Suryalakshmi Cotton Mills Limited**  
Secunderabad

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.

**K.V.Chalama Reddy**

Practising Company Secretary  
M.No. F9268, C.P.No. 5451  
UDIN No. F009268B000396578

Place: Hyderabad  
Date: 27/06/2020

## Annexure 4

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

#### A. Conservation of Energy

(i) the steps taken or impact on conservation of energy;	a) New VFD installed on Boilers. b) LED lights to replace normal lamps c) Modification of LCB from DC to AC. d) Utilisation of rice husk instead of Coal in process boilers. e) Installed reduced capacity motors in carding WCS.
(ii) the steps taken by the company for utilising alternate sources of energy;	Utilisation of rice husk instead of Coal in process boilers.
(iii) the capital investment on energy conservation equipments;	₹25.8 lakhs

#### B. Technology Absorption

(i) the efforts made towards technology absorption;	a) Lycra Slub (fancy) & fogging system. b) Product improvement & cost reduction c) Lycra slub (fancy) & fogging system.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	New fancy product developed with enhanced production capacity. Fogging system to maintain and improve the moisture content in bales / waste balaes
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
(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.	₹17.74 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 Lakhs)	
	2019-20	2018-19
<b>Foreign Exchange Earned</b>		
FOB Value of Exports	12012.66	18090.19
CIF Value of Exports	12188.37	18278.23
<b>Foreign Exchange Used</b>		
(a) Commission on export sales	174.81	245.84
(b) Foreign Travel Expenses	12.32	25.29
(c) Raw material	---	1831.68
(d) Plant / Machinery & Others	---	---
(e) Stores & Spares	806.43	2005.47
(f) Repayment of loans	---	---
(g) Interest	---	---
(h) Foreign Technical and Consultancy Services and	5.60	0.97
(i) Others	17.74	9.78

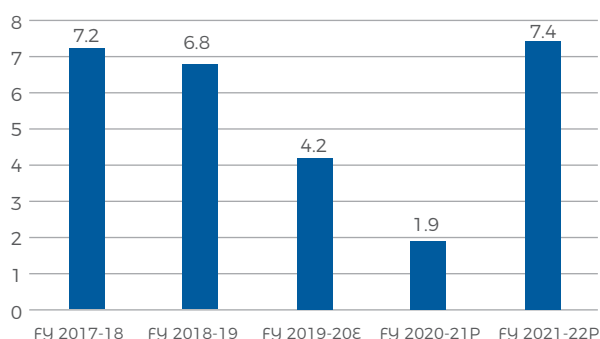
## Annexure 5

# MANAGEMENT DISCUSSION & ANALYSIS

## Indian Economy Overview

The Indian economy recorded a GDP of 4.2% in FY 2019-20, which showed a decline as compared to the previous year. The decline was primarily caused due to multiple global as well as domestic factors. One of the major global factors was the trade war between the U.S. and China which affected the global economy, including that of India's. Despite the recent slowdown, the Indian economy has been considered as the fastest-growing emerging economy owing to its growth rate and is currently ranked 5th globally in terms of GDP. Domestic private consumption drives an approximate of 60% of India's GDP, indicating great scope for businesses in the country. The consumption base is one part of the equation, the other being a robust business ecosystem capable of meeting its demands. India has also made rapid progress in this aspect, rising from 142nd position in 2014 to 63rd in 2019<sup>1</sup> in the World Bank's Ease of Doing Business Report.

The economy witnessed a further decline due to the impact of COVID-19. A country-wide lockdown was announced in March 2020 due to which economic activities were affected drastically. Within a month of the spread of pandemic, unemployment rose from 6.7% in March to 26% in April.<sup>2</sup> Under complete lockdown, less than a quarter of India's \$2.8 trillion economic movement was functional and an estimated 53% of businesses in the country were projected to be significantly affected. This led to a decline in the GDP to 3.1% in the 4th quarter of FY 2019-20. There



[Source: IMF]

was an estimation of further contraction of 40% in the GDP in Q1 of FY 21.<sup>3</sup> Although by May-end, the government proceeded to allow businesses to reopen slowly, in phases. The Indian government has also introduced new policies and a stimulus package worth Rs. 20 lakh crore, in order to revive the economy.

The GDP of the country is projected to grow by 1.9% in FY 2020-21. India is among the only two major countries to have a positive growth rate this year, the other one being China. A projection of 7.4% is made for FY 2021-22, indicating India's growth rate to recuperate, assuming that the pandemic starts subsiding by the second half of CY 2020.

## Industry structure, developments and outlook

### Indian Textile Industry

Dating back to the nineteenth century, the Indian textile sector is one of the oldest sectors in the Indian economy. With a massive raw material and manufacturing base, India is the world's second largest exporter of textiles and clothing. India's textile and apparel export stood at \$33.8 billion in FY 2019-20 and is expected to increase to \$82 billion<sup>2</sup> by FY 2020-21. The sector is highly diversified, catering to a wide range of segments ranging from traditional handloom products to cotton, wool and silk products and has products that vary across natural & man-made fibre, yarn and apparel. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The Indian textile industry is closely linked to agriculture as well as ancient culture and traditions, giving it a unique edge as compared the industries of other countries.

The textile industry employs around 4.5 crore workers including 35.22 lakh handloom workers all over the country. The cloth production in India stood at 63.34 billion square meters in FY 2019-20. Textile exports has been facing multiple headwinds such as time taken to align to the new goods and services tax (GST) regime, the downward revision of export incentives, and the credit squeeze particularly faced by small and medium enterprises.

<sup>1</sup>World Bank's Ease of Doing Business Report

<sup>2</sup>Centre for Monitoring Indian Economy (CMIE).

<sup>3</sup>State Bank of India Research

The textile industry in India has large and diversified segments that in-turn enable businesses and end-consumers to choose from a wide array of products. This, along with the availability of highly skilled manpower, provides a suitable platform for the textile industry to have an upper hand as compared to its counterparts. There is a huge potential in the domestic and international markets as well, that will help the industry sail amidst any possible headwinds. The demand is expected to continue and the industry is projected to grow at a CAGR of 12% during FY 2019-26 to reach US\$ 220 billion by FY 2025-26.<sup>4</sup> Additionally, curating sustainable solutions in close conjunction with end-consumers is a trend that has been observed and will continue to be a major focus in the near future.

The pandemic is expected to have adversely impacted the textile & apparels industry. It provides direct employment to over 45 million people but the nationwide lockdown led to a temporary closure of factories and lay-offs of employees in the industry. The lockdown primarily impacted the exports of the industry and second order impact was on the domestic markets with both exports as well as domestic sales falling. The pandemic has affected the majority of India's export market, causing order cancellations/deferral of order which led to inventory build-up and slower realization of export receivables which lead to higher working capital requirements. Apparel exports fell due to drying up of order in the last quarter of FY 2019-20, as well as working capital issues and lack of clarity on the duties and incentives. The domestic consumption also got impacted due to a complete lockdown that was imposed before the phase-wise reopening of sectors in may-end. New store openings have been stopped and even domestic stores have been facing an inventory build-up. Further, domestic prices could also be negatively impacted if exporters dump their inventories in the domestic market which would lead to even reduced margins. The extent of the outbreak and lockdown would directly impact the length of the recovery cycle. The initiatives taken up the Indian government will play a vital role in the recovery of the Indian textile and apparels industry.

### Key Growth Drivers

- **Robust Demand** – India has seen significant growth in income levels of individuals in the past decade. This rise in income levels is expected to be a major growth driver for the Indian textile industry.
- **Competitive Advantage** – 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. Another competitive advantage is that of the cost production, which is assumed to be lower in the country.

- **Policy Support** – 100% FDI is permitted in the Indian textile sector. Free trade with ASEAN is allowed in order to boost exports.

### ➤ Increasing Investments

- The Ministry of Textiles is encouraging investment through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS).
- In Union Budget 2020-21, the government has allocated Rs 761.90 crore (US\$ 109.01 million) for Amended Technology Upgradation Fund Scheme (A-TUFS).
- In Union Budget 2020-21, the government of India has also allocated around Rs. 3,515 crore (US\$ 502.93 million) to the Ministry of Textiles and Rs. 80 crore (US\$ 11.45 million) for the scheme on Integrated Textile Parks.
- The Ministry of Textiles has announced Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of Indian textile sector.
- National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of Rs 1,480 crore (US\$ 211.76 million).

- **International Market Opportunities** – The slowdown in the Chinese economy has rendered the cost of textile production in China high, and hence Chinese textile manufacturers have lost competitive advantages of the lower cost of production in the last few months. This has offered an opportunity for the Indian textile sector to grab the market share of China in the developed world, especially in the European Union and the United States.

### Outlook

With various government initiatives as well as opportunities to expand in the international markets, the future of the textile industry in India has a positive outlook and is mirrored by increasingly strong consumption rates in the domestic market as well as the growing demand for exports. Moreover, the industry has earned a unique place in the economy due to its strong future outlook, numerous employment opportunities it has generated and the strong export numbers.<sup>5</sup>

<sup>4</sup><https://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>

<sup>5</sup>Financial Express



## Indian Denim Industry

The Indian denim industry has shown continual growth over the years and currently, the country boasts of a denim manufacturing capacity of about 1,500 MMPA. The Indian denim market is largely dominated by men's segment, accounting 86% of the total market size followed by women and kids' segment. Despite a slowdown in the Indian consumer market, denim wear has been seeing a sharp growth driven by new, more comfortable fabrics, low pricing and inclusive sizes.

Demand for denim wear has been growing over the years backed by global brands such as Zara, H&M, Jack & Jones and Gap that helped grow the market. Denim is considered to be the uniform of the younger generations, which has also led to casualisation of work place culture. This is one of the major factors contributing to the growth of this sector. Another reason is the slowdown of athleisure or work wear chinos and the inclination towards denim wear. Denim is a high growth category as it is fashionable and comfortable, and enhances style quotient. Innovation is one major driver in the growth of this industry, with new innovations in terms of washes, colours, fits as well as vintage designs and styles. Denim sales have been consistent across brands, growing at about 10-15%, whereas most other categories have reported decline in sales. With these trends, the denim wear market is projected to grow at CAGR of 12% during 2018-28 to reach Rs. 91,894 crore<sup>6</sup> by 2028.

### Key Growth Drivers

- **Youth** – The youth comprises 26% of the consuming population in India. They are the major drivers of growth for this industry. Increasing disposable income, comfort, quality and brand consciousness are major reasons behind increasing acceptance of denim wear among this young population.
- **Influence of International Brands** – Westernisation and introduction of international brands in the country is one of the major factors in the rise of denim industry. Their entry has widened the perspective of consumers which in turn has resulted in higher acceptability of new trends, styles in the market. Exposure to and awareness of international fashion trends has given the Indian consumer base more variety to choose from. The value growth within the denim wear owes to increased demand for enhanced product attributes: fashion quotient, stretch and lightweight fabric, varying colours, styling and detailing.
- **Increased Rural Spending** – Rural areas have been a focus for development in India in the past few

decades. This development and increase in purchase power, combined with the presence of mass media, has made rural people aware of recent trends. This awareness has led to an inclination towards western trends which is another reason for the growth of the denim sector in India. The mid-value segment of denim wear, characterized by quality, value-for-money, and increasing styling quotient, is the preferred choice of people from rural areas.

- **Casualisation of Fashion** – There has been a significant shift in the consumer preferences in terms of fashion, over the years. Casual wear has started getting more preference, which is one of the major growth drivers of the denim industry. Casual wear categories such as denim, active wear, casual shirts, and fashionable skirts are outpacing the growth of formal wear in India. This is reflective of the changing consumer trend and increasing usage of casual wear in offices as well as home.
- **Rise of Private Label** – Private labels are considered a win-win solution for both big retailers and value for money first time consumers as these labels ensure that a certain minimum quality and image. Branded penetration in the market has very limited offering in the value price points leading to pricing gaps in the market. These gaps in the market have provided an opportunity for retailers to launch their private label in the value segment. Private label led players such as FBB, Max and V-Mart have identified these gaps and have launched products in the value fashion segment. Another reason why private label are gaining importance is because the young population from middle class India is becoming image conscious and is a significant contributor to the western wear market.
- **Alternative Retail Channel** – Various methods of retailing are being adopted in India like direct selling, home shopping and e-tailing, which opens up opportunities for expansion of business, especially for the fashion industry and denim wear is no exception to it.

## Company Overview

### About us

With over five decades of experience, Suryalakshmi Cotton Mills Limited (SCML) today is one of the largest integrated premium yarns to denim to garment manufacturing companies in India. With cutting-edge design, latest spinning technology and end to end manufacturing plants, the Company creates the finest yarn, premium denim and

<sup>6</sup>Technopak Advisors

garments for leading private labels, fashion brands and retail chains in 29 countries across the globe. The Company has pioneered innovations in denim manufacturing, gaining an edge in domestic and global markets.

### Core Competences

- **Customer Mix** - 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 Partners** - SCML is the largest 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.
- **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 equipments 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 it to 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 14001:2004 Certification
- ISO 9001:2008 Certification
- Oeko-Tex Certification
- Better Cotton Initiative
- Supplier Ethical Data Exchange (SEDEX)
- Sedex members Ethical Trade Audit (SMETA)

### Product Portfolio

#### Yarn

The Company manufactures specialized, high-performance cotton, polyester and blended yarns for exports, local markets and for its denim business. The Company uses state-of-the-art technology and world-class machinery from top-notch suppliers globally to create super specialty

and functional yarns with optimized properties. With a focus on modernization and automation, the Company leverages world-class R&D facilities to study the emerging trends in yarn technology and fashion, enabling the Company to keep pace with changing market trends and achieve benchmark quality standards that meet every requirement in the denim value chain.

### Manufacturing Capacity

The Company has established an ultra-modern spinning unit for polyester cotton and synthetic yarn at Amanagallu (Telangana). Along with that, the Company has additional plants in Ramtek (Nagpur, Maharashtra) and Amravati (Maharashtra) that produce value-added and fancy yarns such as Ring, Open End, Core Spun, Slub and Compact yarns. These yarns are specially used for denim fabric manufacturing.

### Spinning Division

**86,352** Spindles

Installed capacity as on 31st March 2020

**92.4** %

Overall Capacity Utilization during FY 2020

**30,458.75** ₹ Lakhs

Total Net Revenue during the year

### Denim

With over two decades of denim cloth manufacturing, Suryalakshmi Cotton is known for weaving the finest denim fabric in the country. The Company conducts cutting-edge research to design, engineer and produce specialty denim fabrics to meet the unique needs of global fashion markets.

### Manufacturing capacity

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 Meters

Installed capacity as on 31st March 2020

**74.2** %

Capacity Utilization level during FY 2020

**23,657.33** ₹ Lakhs

Total Net Revenue during the year (Denim)

**30**

Countries of Export

### Product Mix

Fashion and apparel industry is a very dynamic industry where the lifecycle of a fashion product is getting shorter day by day. 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, fiber 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 the human resources/ industrial relations front

There were no material developments in the Human Resources area. The industrial relations were generally found satisfactory. The Company constantly reviews its manpower requirements and has a

dedicated and well-equipped department to take care of the same. The total number of people employed by the Company is 2256.

## Operations

The operations for the year have resulted in a loss before tax of ₹2295 lakhs. The total revenue for the year at ₹542.70 Crores is less by around 19% over the previous year.

The year under review has been particularly tough for the Company on several fronts. The Company's denim division had suspended operations from 13th February, 2019 due to a strike by the workers and then declared a lock out from 8th March, 2019. Operations were resumed from first of July. Even as the Denim industry was grappling with excess capacity and sluggish demand both in domestic and international markets, the COVID-19 pandemic started affecting India. In the last week of financial year, the Central Government ordered a nationwide lock down, resulting in all the production activities coming to a standstill.

The production in the spinning division was more or less stagnant, while denim division registered significant drop in production compared to previous year. The sales realization in both yarn and denim segments was less compared to the previous year. Denim volumes were also significantly lower.

## Financial Review

(₹ in lakhs)			
Particulars	2019-20	2018-19	YoY Change (in %)
Consolidated Revenue	60,050.72	74,825.52	-19.75%
Consolidated EBITDA	2,808.06	4,885.22	-42.52%
EBITDA Margin (in %)	4.68%	6.53%	-1.85%
Consolidated PAT	(2,229.49)	(843.83)	-164.2%
PAT Margin (in %)	-3.71%	-1.13%	-2.58%
Net Worth	23,663.39	26,972.30	-12.3%

## 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 6

### 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 31ST March, 2020;**

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Sri L.N. Agarwal	89.38
2.	Sri Paritosh K. Agarwal	80.44
3.	Smt. Padmini Agarwal	53.63

**(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

**(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 2256 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 : 27<sup>th</sup> June, 2020.

**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	76.11	Regular	Undergraduate	58	NIL	22-06-1994	08-09-1933	87	8.18	Yes
2	Mr. P K Agarwal	Managing Director	68.5	Regular	Graduate	25	Suryavanshi Spinning Mills Limited	06-09-1994	18-03-1973	47	8.87	Yes
3	Mrs. Padmini Agarwal	Wholesale Director	45.67	Regular	Graduate	10	Suryakiran International Limited	15-05-2010	01-01-1975	45	5.83	Yes
4	Mr. Siddhant Sharma	CEO-Denim Division	41.14	Regular	B.Tech (Textile)	31	ETCO Denim	27-02-2017	08-07-1964	56	Nil	No
5	Mr. M Haragopal	Vice President - Garment Division	21.23	Regular	B.A. (M&S), Master of Financial Management	22	Sai Lakshmi Industries	04-05-2007	09-08-1975	45	Nil	No
6	Mr. E V S V Sarma	Company Secretary	19.57	Regular	B.Sc. ACMA, ACS, LLM	48	Transport Corporation of India	03-05-1995	11-02-1951	69	0.03	No
7	Mr. Prabal Kumar Bhattacharjya	G M - Exports	19.1	Regular	Masters in Management; Masters Diploma in International Trade	25	RSWM Ltd	18-04-2014	01-08-1969	51	Nil	No
8	Mr. Vasudeo Tipre	G M - Exports	18.95	Regular	BSc Statistics, MBA Marketing	26	Mafatral Industries Ltd-Denim Division	25-09-2014	28-06-1969	51	Nil	No
9	Mr. P Siva Subramanyam	President (Finance)	18.3	Regular	B.Sc. ACA	32	Andhra Cements Limited	01-09-1992	15-12-1961	58	Nil	No
10	Mr. Sanjay Baburao Chodke	Vice President (Weaving)	17.43	Regular	B.Textiles	27	Chiripal Group Ind Nova textile	19/04/2018	27/03/1972	48	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, 2020, 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, 2020, 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 37.4.13 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.



**Sl. Key Audit Matters  
No**
**Auditor's Response**
**1 Valuation of inventories**

The value of inventory, as at the balance sheet date amounted to Rs 156.70 crores accounting for 40.75% 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.

refer to Note 1.4.4 for the accounting policy on valuation of inventories

**Principal audit procedures**

To address the risk for material error on inventories, our audit procedures inter alia include:

- assessing the compliance of company's accounting policies over inventory with applicable accounting standards;
- assessing inventory valuation processes and practices, in some locations we tested effectiveness of the key controls;
- evaluating the assessments made in relation to slow moving and obsolete stock.

We assessed the adequacy of company's disclosures related to inventories

**2 Evaluation of uncertain tax positions**

The company is subject 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.

Refer Note No.-37.1.a) to the Financial Statements.

**Principal audit procedures**

We performed the following procedures in this regard:

- evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter.
- discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the management.
- we also evaluated the independence and competency of the management's legal expert.
- obtained and tested evidence to support the management assessment with regard to non-provisioning against the demand.

Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.

**3 Non Current assets held for sale and Discontinued Operations**

As disclosed in Note no 35 the Company has discontinued the Garment Division operations in December 2019 as decided in the Board meeting held on 16.12.2019

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

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.

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 35)

**Principal Audit Procedures:**

- 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
- Obtained and read the sale agreements wherever entered into by the Company for Disposal of Non current assets held for sale
- 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.
- Traced Disclosure information relating to the Discontinued operations to accounting records and other supporting Documents

## 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 37. 1 (a) 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:27.06.2020

Membership No:029193  
UDIN:20029193AAAAHD1622

# 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 2020.

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 2020 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	48.32	2015-16 to 2019-20	Divisional Commissioner, Maharashtra State, Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	29.43 <sup>@</sup>	2015-16	Commissioner, Sales Tax (Appeals), Nagpur
Central Sales Tax Act	Central Sales Tax	28.82 <sup>#</sup>	2001-02	Dy. Commissioner (Commercial Tax), Begumpet Division, Hyderabad
Maharashtra Value Added Tax Act	Value Added Tax	23.69 <sup>*</sup>	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:27.06.2020

Membership No:029193  
UDIN:20029193AAAAHD1622

# 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 2020

## 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 2020 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 2020, 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: 27.06.2020

Membership No: 029193  
UDIN: 20029193AAAHD1622

# BALANCE SHEET

as at 31st March, 2020

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

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2(A)	33,693.23	38,008.96
(b) Capital Work-in-progress	2(B)	186.68	139.64
(c) Other Intangible assets	3	20.93	21.34
(d) Financial Assets			
(i) Loans	4	573.99	572.59
(ii) Other financial assets	5	-	0.74
(e) Other non-current assets	6	-	661.07
<b>(2) Current assets</b>			
(a) Inventories	7	15,669.90	13,035.22
(b) Financial Assets			
(i) Investments	8	5.21	4.11
(ii) Trade Receivables	9	12,296.87	16,824.35
(iii) Cash and cash equivalents	10	384.21	171.61
(iv) Bank balances other than (iii) above	11	956.21	755.00
(v) Loans	12	20.14	38.95
(vi) Other financial assets	13	6,013.09	5,546.37
(c) Current Tax Assets (Net)	14	139.70	131.65
(d) Other current assets	15	1,391.71	1,985.00
(e) Non-Current Assets held for Sale	16	1,282.11	-
<b>Total Assets</b>		<b>72,633.98</b>	<b>77,896.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	17	1,844.53	1,844.53
(b) Other Equity	18	21,818.85	25,127.77
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	11,399.11	12,290.49
(b) Provisions	20	797.36	659.56
(c) Deferred Tax Liabilities(net)	21	2,496.28	3,948.66
(d) Other non-current liabilities	22	19.70	26.26
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	18,163.22	19,630.45
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises; and	24	22.21	38.80
- total outstanding dues of creditors other than micro enterprises and small enterprises	24	10,732.29	8,531.74
(iii) Other financial liabilities	25	3,788.52	5,013.37
(b) Other current liabilities	26	1,216.71	408.51
(c) Provisions	20	335.20	376.46
<b>Total Equity and Liabilities</b>		<b>72,633.98</b>	<b>77,896.60</b>
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	37		

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: 27.06.2020

**(P.S. Subramanyam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2020

(All amounts ₹ in lakhs, unless otherwise stated)

Particulars	Note No.	Current Year 31st March, 2020	Previous Year 31st March, 2019
<b>I. Revenue from operations</b>	27	53,886.82	66,536.37
<b>II. Other income</b>	28	323.73	623.05
<b>III. Total Revenue (I+II)</b>		<b>54,210.55</b>	<b>67,159.42</b>
<b>IV. Expenses</b>			
(i) Cost of materials consumed	29	32,332.42	36,273.88
(ii) Purchases of stock-in-trade		5,007.14	1,469.59
(iii) Changes in inventories of finished goods and work-in-progress	30	(3,323.22)	3,577.37
(iv) Employee benefits expense	31	5,131.72	5,885.07
(v) Finance costs	32	3,279.89	3,402.40
(vi) Depreciation and amortization expense	23	2,202.19	2,297.24
(vii) Other expenses	33	11,878.26	15,164.88
<b>Total expenses (IV)</b>		<b>56,508.40</b>	<b>68,070.43</b>
<b>V. Profit / (Loss) before Exceptional Items and tax (III-IV)</b>		<b>(2,297.85)</b>	<b>(911.01)</b>
VI. Exceptional Items	34	2.49	19.05
<b>VII. Profit / (Loss) before tax ( V+ VI )</b>		<b>(2,295.36)</b>	<b>(891.96)</b>
<b>VIII. Tax expense of continuing operations :</b>			
(1) Current tax		-	-
(2) Deferred tax	37.4.2	(687.72)	(421.75)
(3) Income tax of earlier year		-	-
<b>IX. Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(1,607.64)</b>	<b>(470.21)</b>
X. Profit/(loss) from discontinued operations	35	(2,274.36)	(533.77)
XI. Tax expenses of discontinued operations	35	(704.54)	(160.15)
<b>XII. Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>		<b>(1,569.82)</b>	<b>(373.62)</b>
<b>XIII. Profit/(loss) for the period (IX+XII)</b>		<b>(3,177.46)</b>	<b>(843.83)</b>
<b>XIV. Other Comprehensive Income</b>			
<b>A. (i) Items that will not be reclassified to profit or loss</b>	36	(191.56)	(45.16)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		60.10	13.81
<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>(131.46)</b>	<b>(31.35)</b>
<b>XV. Total Comprehensive Income for the period (XIII+XIV)</b>		<b>(3,308.92)</b>	<b>(875.18)</b>
<b>XVI. Earnings per equity share (face value of ₹ 10/-) - Basic and Diluted</b>			
(i) for continuing operations		(9.64)	(2.82)
(ii) for discontinued operations		(9.42)	(2.24)
(iii) for discontinued & continuing operations		(19.06)	(5.06)
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	37		

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: 27.06.2020

**(P.S. Subramangam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# CASH FLOW STATEMENT

for the year ended 31st March, 2020

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

Particulars	Current Year 31st March, 2020	Previous Year 31st March, 2019
<b>A Cash flow from Operating Activities:</b>		
Profit Before tax from continuing operation	(2,295.36)	(891.96)
Adjustments for:		
Profit/(loss) from discontinued operations before tax	(2,274.36)	(533.77)
Loss on valuation of assets held for sale at Fair Market Value	1,377.86	-
Depreciation and Amortisation (Incl. Depreciation on discontinued operations)	2,411.43	2,576.08
Actuarial Gain/(loss) on Defined Benefit plans	(192.65)	(44.26)
Loss/ (Gain) on sale of tangible assets (net)	(14.51)	(27.06)
Interest Income	(87.93)	(150.10)
Finance Costs (Incl. Finance Cost on discontinued operation)	3,588.50	3,734.86
	<b>2,512.98</b>	<b>4,663.79</b>
<b>Operating profit before working capital changes</b>		
Adjustments for (increase)/decrease in operating assets		
Inventories	(2,634.69)	4,044.13
Trade Receivables	4,527.48	909.38
Loans - Non current	(1.40)	(68.74)
Loans - current	18.81	(0.69)
Other financial assets - current	(662.42)	(150.66)
Other financial assets - Non current	0.74	51.51
Other non financial assets - current	593.29	(185.07)
Other non financial assets - Non current	-	6.31
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	2,183.95	(1,468.24)
Other financial liabilities	(95.91)	206.66
Short term provisions	(41.26)	41.00
Long term provisions	137.80	59.52
Other Non financial liabilities	(41.80)	(280.81)
<b>Cash generated from operations</b>	<b>6,497.57</b>	<b>7,828.09</b>
Income tax paid	(8.05)	(16.10)
<b>Net Cash flow from/(used in) operating activities</b>	<b>6,489.52</b>	<b>7,811.99</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(196.07)	(463.13)
Proceeds from sale of Property, plant and equipment	874.00	60.29
Interest income Received	82.43	152.90
<b>Net Cash flow from/(used in) investing activities</b>	<b>760.36</b>	<b>(249.94)</b>

# CASH FLOW STATEMENT

for the year ended 31st March, 2020

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

Particulars	Current Year 31st March, 2020	Previous Year 31st March, 2019
<b>C Cash flow from Financing Activities:</b>		
Proceeds / (Repayments) of short term borrowings	(1,467.23)	(2,134.50)
Proceeds from Long term borrowings	771.67	
Repayment of Long term borrowings	(2,783.54)	(1,577.67)
Interest and other borrowing costs paid	(3,533.65)	(3,780.61)
Equity Dividend (including DDT) paid	(4.53)	(1.95)
<b>Net Cash flow from/(used in) financing activities</b>	<b>(7,037.28)</b>	<b>(7,494.73)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>212.60</b>	<b>67.32</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>171.61</b>	<b>104.29</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>384.21</b>	<b>171.61</b>

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: 27.06.2020

**(P.S. Subramanyam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2020

## A. Equity Share Capital

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

Particulars	Current Year 31st March, 2020	Previous Year 31st March, 2019
At the beginning of the year	1,667.23	1,667.23
Changes in equity share capital during the year	-	-
<b>At the end of the year</b>	<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: 18)

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 2019	214.35	8,252.01	5,232.85	11,523.45	(92.68)	(2.21)	25,127.77
Total Comprehensive Income for the year ended 31st March 2020	-	-	-	(3,177.46)	(132.55)	1.09	(3,308.92)
<b>Balance as at 31st March 2020</b>	<b>214.35</b>	<b>8,252.01</b>	<b>5,232.85</b>	<b>8,345.99</b>	<b>(225.23)</b>	<b>(1.12)</b>	<b>21,818.85</b>

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 & 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: 27.06.2020

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

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## CORPORATE INFORMATION

Suryalakshmi 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 35 & 37.4.6 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 Sheet. See notes 37.4.10 for more information

In December 2019, the company has decided to close down the garments division 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. See notes 35 and 37.4.6 for more information

### 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, 2020

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**

- Depreciation is provided on Straight Line Method on the assets, over the useful lives specified in Schedule II to the Companies Act, 2013.
- 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**

- 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).
- 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, 2020

- **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, 2020

## 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, 2020

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, 2020

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, 2020

## 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, 2020

## 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.( as well as)

### • 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, 2020

## 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, 2020

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

## 2. Property, Plant and Equipment

Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01 Apr 2019	Additions	Deletions	transfer to Assets Held for Sales (see note 16 & 37.4.6)	As at 31 Mar 2020	For the year 2019	On Deletions	transfer to Assets Held for Sales (see note 16 & 37.4.6)	Upto 31 Mar 2020	As at 31 Mar 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	-	496.2	-	-	496.2	-	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	189.70	2,838.27	51,496.81	29,982.90	1,649.15	1,80.21	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	316.55	-	-	-	316.55	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>189.70</b>	<b>4,739.94</b>	<b>72,728.96</b>	<b>38,885.91</b>	<b>2,409.99</b>	<b>180.21</b>	<b>2,079.96</b>	<b>39,035.73</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	190.31	143.27	-	186.68	-	-	-	-	186.68
		(143.27)	(143.27)								
<b>Total</b>		<b>77,034.51</b>	<b>810.77</b>	<b>189.70</b>	<b>4,739.94</b>	<b>72,915.64</b>	<b>38,885.91</b>	<b>2,409.99</b>	<b>180.21</b>	<b>2,079.96</b>	<b>39,035.73</b>
Power Lines - Cost incurred by the Company, Ownership of which vests with Maharashtra State Electricity Distribution Co. Ltd.											
<b>Total</b>											

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

## 3. Other Intangible Assets

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



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

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

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 31 March 2018	Additions	Deletions	As at 31 Mar 2019	Upto 31 March 2018	For the year Deletions	On 31 Mar 2019	As at 31 Mar 2019	As at 31 March 2018
1	Land (Freehold)	499.25	-	-	499.25	-	-	-	499.25	499.25
2	Buildings:									
	Factory	9,463.00	-	-	9,463.00	2,775.39	300.12	-	3,075.51	6,387.49
	Non Factory Building	3,517.22	22.11	-	3,539.33	739.94	112.82	-	852.77	2,686.56
	Township	727.41	70.91	-	798.32	99.37	11.87	-	111.24	687.08
3	Plant & Machinery									
	Workshop equipment	8.02	0.12	-	8.14	7.35	0.13	-	7.48	0.66
	Plant and Machinery	54,434.38	216.99	263.66	54,387.71	28,438.02	1,780.89	235.99	29,982.90	24,404.81
	Testing Equipment	570.81	292	-	573.73	362.96	26.70	-	389.66	184.07
	Electrical Installations	5,382.66	0.33	10.28	5,372.71	2,759.31	167.18	9.76	2,896.73	2,475.98
	Weighing Machines	46.83	1.28	-	48.11	29.02	2.21	-	31.23	16.88
	Water Works	481.06	1.59	-	482.65	250.64	26.08	-	276.72	205.93
4	Furniture and Fixtures	526.95	16.09	-	543.04	373.90	45.38	-	419.28	123.76
5	Vehicles	314.64	15.45	13.54	316.55	162.49	36.85	11.37	187.97	128.58
6	Data Processing Equipment	307.55	4.27	2.90	308.92	287.04	7.71	-	294.75	14.17
7	Power lines*	553.41	-	-	553.41	304.34	55.32	-	359.67	193.74
	<b>TOTAL (A)</b>	<b>76,833.19</b>	<b>352.06</b>	<b>290.38</b>	<b>76,894.87</b>	<b>36,569.77</b>	<b>2,573.26</b>	<b>257.12</b>	<b>38,885.91</b>	<b>38,008.96</b>
	<b>(B) Capital Work-in-progress</b>	<b>169.39</b>	<b>322.86</b>	<b>352.61</b>	<b>139.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169.39</b>
	<b>Total (B)</b>	<b>169.39</b>	<b>322.86</b>	<b>352.61</b>	<b>139.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169.39</b>
	Less: Internal transfers	-	(352.61)	(352.61)	-	-	-	-	-	-
	<b>TOTAL</b>	<b>77,002.58</b>	<b>322.31</b>	<b>290.38</b>	<b>77,034.51</b>	<b>36,569.77</b>	<b>2,573.26</b>	<b>257.12</b>	<b>38,885.91</b>	<b>38,148.60</b>

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

Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK		
		As at 31 March 2018	Additions	Deletions	As at 31 Mar 2019	Upto 31 March 2018	For the year Deletions	On 31 Mar 2019	As at 31 Mar 2019	As at 31 March 2018
	<b>Other Intangible Assets:</b>									
	Computer Software	161.38	0.55	-	161.93	137.77	2.82	-	140.59	23.61
	<b>Total</b>	<b>161.38</b>	<b>0.55</b>	<b>-</b>	<b>161.93</b>	<b>137.77</b>	<b>2.82</b>	<b>-</b>	<b>140.59</b>	<b>23.61</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 4. Loans (Unsecured, considered good)

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

Particulars	31st March, 2020	31st March, 2019
Deposits - Recoverable (Telephone, APSEB, Electricity, Coal deposits and others)	573.89	572.49
Security Deposit (NSC pledged as security for ₹ 10,000/- with Sales Tax Dept.)	0.10	0.10
<b>Total</b>	<b>573.99</b>	<b>572.59</b>

## 5. Other financial assets - Non current (unsecured, considered good)

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

Particulars	31st March, 2020	31st March, 2019
Term Deposits with balance maturity of more than 12 months - Margin money deposits on LCs and Bank Guarantees	-	0.74
<b>Total</b>	<b>-</b>	<b>0.74</b>

## 6. Other non-current assets (unsecured, considered good)

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

Particulars	31st March, 2020	31st March, 2019
Advance for capital purchase	-	86.04
Prepaid Lease Rent (Refer Note no. 37.4.10)	-	575.03
<b>Total</b>	<b>-</b>	<b>661.07</b>

## 7. Inventories

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

Particulars	31st March, 2020	31st March, 2019
<b>At Cost</b>		
Raw materials		
- Cotton	1,442.42	903.38
- Yarn	588.61	434.18
- Polyester Staple Fibre	239.88	271.49
- Viscose Staple Fibre	114.50	105.82
- Fabric	-	348.63
<b>At lower of cost or Net Realisable Value</b>		
Work-in-progress	3,801.02	3,161.25
Work-in-progress of Garment Division	-	758.50
Finished goods	7,192.38	4,579.48
Finished goods of Garment Division	438.22	181.35
<b>At Cost</b>		
Stores and spares	-	-
- Dyes & Chemicals	702.14	1,062.28
- Coal	86.71	197.89
- Other Stores & Spares	946.66	984.16
<b>At Realisable Value</b>		
Others - Cotton & PV waste	117.36	46.81
<b>Total</b>	<b>15,669.90</b>	<b>13,035.22</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 8. Investments

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

Particulars	31st March, 2020	31st March, 2019
Investment in Equity Instruments (At fair value - Traded - Quoted)		
(i) Suryavanshi Spinning Mills Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹ 10/- each )	3.03	1.83
(ii) Aananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of ₹ 10/- each )	0.51	0.60
(iii) Sheshadri Industries Ltd (37,777 Equity Shares (Previous Year 37,777) of ₹ 10/- each )	1.67	1.68
<b>Total</b>	<b>5.21</b>	<b>4.11</b>

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

Particulars	31st March, 2020	31st March, 2019
a. Aggregate amount of Quoted Investments - Book Value	105.19	105.19
b. Aggregate amount of Quoted Investments - Market Value	5.21	4.11
c. Aggregate amount of Unquoted investments	-	-
d. Aggregate amount of impairment in value of investments	99.98	101.08

## 9. Trade Receivables

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

Particulars	31st March, 2020	31st March, 2019
Unsecured, considered good	12,296.87	16,824.35
<b>Total</b>	<b>12,296.87</b>	<b>16,824.35</b>

## 10. Cash and cash equivalents

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

Particulars	31st March, 2020	31st March, 2019
Balances with banks		
- In current accounts	371.10	154.73
Cash on hand	13.10	16.87
Post office Savings Bank	0.01	0.01
<b>Total</b>	<b>384.21</b>	<b>171.61</b>

## 11. Other Bank Balances

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

Particulars	31st March, 2020	31st March, 2019
Balances with Banks		
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	531.03	325.30
- Term deposits with balance maturity of more than 3 months and less than 12 months	415.00	415.00
- Unpaid Dividend Accounts	10.18	14.70
<b>Total</b>	<b>956.21</b>	<b>755.00</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 12. Loans (Unsecured, considered good)

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

Particulars	31st March, 2020	31st March, 2019
Advances to staff(including advances to officers)	20.14	38.95
<b>Total</b>	<b>20.14</b>	<b>38.95</b>

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

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

Particulars	31st March, 2020	31st March, 2019
Other officers of the Company	12.69	18.88
<b>Total</b>	<b>12.69</b>	<b>18.88</b>

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

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

Particulars	31st March, 2020	31st March, 2019
Other advances	1,371.14	1,371.14
Interest Accrued	100.52	95.02
Interest subsidy receivable	1,410.83	1,151.21
Deposits recoverable	3.99	3.64
Claims/Other Receivable	3,126.61	2,925.36
<b>Total</b>	<b>6,013.09</b>	<b>5,546.37</b>

## 14. Current tax assets (net)

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

Particulars	31st March, 2020	31st March, 2019
Advance Income tax & TDS Receivable (Net of provision)	139.70	131.65
<b>Total</b>	<b>139.70</b>	<b>131.65</b>

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

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

Particulars	31st March, 2020	31st March, 2019
Advance for purchase of raw material and stores	654.21	828.52
Prepaid Expenses	121.94	121.04
T&D Refund receivable	51.76	53.34
Export Benefit Entitlement Receivable	418.51	836.81
CVD Refund Receivable :		
(i) At ICD Nagpur	134.34	134.34
(ii) At JNPT, Mumbai	10.95	10.95
<b>Total</b>	<b>1,391.71</b>	<b>1,985.00</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 16. Assets Held for Sale

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	Written down value*	Loss#	31st March, 2020	31st March, 2019
Property Plant & Equipment				
Land	53.03	-	53.03	-
Buildings	1,197.40	1,066.40	131.00	-
Plant and Equipment	1,409.54	311.46	1,098.08	-
<b>Total</b>	<b>2,659.97</b>	<b>1,377.86</b>	<b>1,282.11</b>	<b>-</b>

\*(Please refer Note 2)

# Loss on measurement of Asset held for sale at lower of carrying amount and fair value (less costs to sale) (Please refer Note: 35)

## 17. Equity Share Capital

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)	
	31st March, 2020	31st March, 2019
<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>

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

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	31st March, 2020		31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
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	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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

Name of the Share Holder	31st March, 2020		31st March, 2019	
	Number of Shares held	% holding	Number of Shares held	% holding
<b>Equity Shares of ₹ 10/- each:</b>				
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	1,065,356	6.39%	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:19)

## 18. Other Equity

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

Particulars	31st March, 2020	31st March, 2019
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
<b>Other Reserves</b>	<b>5,232.85</b>	<b>5,232.85</b>
D. Retained Earnings	8,345.99	11,523.45
E. Accumulated Other Comprehensive Income	-	-
Remeasurements of net defined benefit plans	(225.23)	(92.68)
Equity Instruments through OCI	(1.12)	(2.21)
Accumulated Other Comprehensive Income	(226.35)	(94.89)
<b>Total</b>	<b>21,818.85</b>	<b>25,127.77</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 19. Borrowings

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	Non-current portion		Current Maturities	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>Secured</b>				
Term loans:				
(a) from banks (TUFS)				
(i) Andhra Bank (40Crores)	999.28	1,322.90	505.31	668.00
(ii) IDBI Bank Ltd (40 Crores)	997.70	1,393.99	400.00	800.00
(iii) Exim Bank	299.21	447.74	150.00	300.00
(b) from banks (Non TUFS)	-	-	-	-
(i) Lakshmi Vilas Bank Garments Division	369.25	456.12	92.61	183.40
(ii) Axis Bank Limited	1,973.22	2,260.01	462.15	612.00
(iii) South Indian Bank Limited	1,414.98	1,866.35	473.31	625.00
(c) from others				
(i) Vehicle loans	7.43	12.62	4.05	18.09
<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	180.89	171.35	-	-
- 5,00,000 10% Cumulative Redeemable Preference shares of ₹ 100/- each	500.00	500.00	-	-
(b) Loans from related parties				
- from Directors	3,645.00	3,190.74	-	-
- Inter-corporate Deposits	931.73	614.31	-	-
(c) Deferred Payment liabilities				
- Sales Tax Deferment	56.06	54.36	5.14	-
(d) Lease Obligations				
- Lease Liability (relating to ROU asset) See note 37.4.10	24.36	-	-	-
<b>Total</b>	<b>11,399.11</b>	<b>12,290.49</b>	<b>2,092.57</b>	<b>3,206.49</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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## D. Terms of Repayment:

Particulars	Rate of Interest	(All amounts in ₹ in lakhs, unless otherwise stated)			
		31st March, 2020		31st March, 2019	
		No of Instalments due	Amount	No of Instalments due	Amount
Term loans:					
(a) from banks (TUFS)					
(i) Andhra Bank (40Crores)	12.20%	9	1,504.59	12	1,990.90
(ii) IDBI Bank Ltd (40 Crores)	12.40%	7	1,397.70	11	2,193.99
(iii) Exim Bank	11.40%	6	449.21	10	747.74
(b) from banks (Non TUFS)					
(i) Lakshmi Vilas Bank Garments Division	11.60%	10	461.86	14	639.52
(ii) Axis Bank Limited	10.20%	16	2,435.37	19	2,872.01
(iii) South Indian Bank Limited	11.20%	12	1,888.29	16	2,491.35

## E. Redemption terms of the Preference Shares

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.

## F. Redemption Terms of Loans from related parties

Particulars	Rate of Interest	Repayment Terms
- from Directors	5%	Repayable after three years
- Inter-corporate Deposits	8-9%	Repayable after three years

## G. Sales Tax Deferment - Repayment Schedule:

(All amounts in ₹ in lakhs, unless otherwise stated)	
Due Date	Amount (₹ in lakhs)
01.04.2020	5.14
01.04.2021	0.41
01.04.2022	19.56
01.04.2023	57.40
<b>Total</b>	<b>82.51</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 20. Provisions

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	Non-current portion		Current Maturities	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>Provision for employee benefits</b>				
Gratuity (unfunded)	727.84	557.84	160.85	113.34
Compensated absences (unfunded)	69.52	101.72	24.20	60.58
Bonus	-	-	150.15	202.54
<b>Total</b>	<b>797.36</b>	<b>659.56</b>	<b>335.20</b>	<b>376.46</b>

## 21. Deferred Tax

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	As at 31st March 2020	Recognised in Statement of Profit & Loss (both continuing and discontinued operations)	Recognised in Other Comprehensive Income	As at 31 March 2019
<b>Deferred Tax Liabilities</b>				
Property, Plant & Equipment (including ROU assets) & Intangible assets	4,791.74	(724.31)		5,516.05
Fair Value adjustments of financial liabilities	-	(17.31)		17.31
Assets Held for sale	383.47	383.47		-
	<b>5,175.21</b>	<b>(358.15)</b>	<b>-</b>	<b>5,533.36</b>
<b>Deferred Tax Assets</b>				
Other Non Current Assets	-	(3.66)		3.66
Fair Value adjustments of financial liabilities	0.54	0.54		-
Unused Tax Losses	1,601.06	1,066.73		534.33
Employee Benefits & Statutory Liabilities allowed on Payment Basis	354.62	(29.48)	60.10	324.00
MAT Credit entitlement	722.71	-		722.71
	<b>2,678.93</b>	<b>1,034.13</b>	<b>60.10</b>	<b>1,584.70</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>2,496.28</b>	<b>(1,392.28)</b>	<b>(60.10)</b>	<b>3,948.66</b>

## 22. Other non-current liabilities

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)	
	31st March, 2020	31st March, 2019
Deferred Government Grant	19.70	26.26
<b>Total</b>	<b>19.70</b>	<b>26.26</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 23. Short term Borrowings

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

Particulars	31st March, 2020	31st March, 2019
<b>A. Secured (payable on demand)</b>		
(i) from banks		
(a) State Bank of India		
Cash Credit	11,597.52	8,144.56
Packing Credit	-	287.74
SLC	1,751.16	1,497.63
(b) State Bank of India (erstwhile SBH)	-	-
Cash Credit	-	1,128.17
SLC	-	295.46
(c) State Bank of India (erstwhile SBM)	-	-
Cash Credit	-	1,427.57
(d) State bank of India (erstwhile SBT)	-	-
Cash Credit	-	485.02
(e) Andhra Bank	-	-
Cash Credit	950.00	943.29
(f) IDBI Bank Ltd	-	-
Cash Credit	713.39	503.45
(g) Lakshmi Vilas Bank Ltd	-	-
Cash Credit	1,516.68	1,471.65
(h) Axis Bank	-	-
Commodity funding	-	1,960.31
(ii) from others	-	-
(a) Aditya Birla Finance Limited	265.90	290.46
<b>Total (a)</b>	<b>16,794.65</b>	<b>18,435.31</b>
<b>B. Unsecured</b>		
From others:		
(i) Inter Corporate Deposits (Payable within 6 months from date of receipt)	356.09	400.09
(ii) Bills Discounted	1,012.48	795.05
<b>Total (b)</b>	<b>1,368.57</b>	<b>1,195.14</b>
<b>Total (a+b)</b>	<b>18,163.22</b>	<b>19,630.45</b>

### a. Secured:

- (i) Workcapital loans from (a) to (g) 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.
- (ii) Commodity funding purchase Bill Discounting from Axis Bank is secured by pledge of stock of raw material, in the warehouse and further guaranteed by three Directors of the company in their personal capacities

### b. Unsecured:

Inter corporate deposits are repayable on demand.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 24. Trade payables

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

Particulars	31st March, 2020	31st March, 2019
dues of micro enterprises and small enterprises	22.21	38.80
dues of creditors other than micro enterprises and small enterprises	10,732.29	8,531.74
<b>Total (a)</b>	<b>10,754.50</b>	<b>8,570.54</b>

## 25. Other financial liabilities

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

Particulars	31st March, 2020	31st March, 2019
i. Current maturities of long-term debt (Refer Note - 19)	2,092.57	3,206.49
ii. Interest accrued but not due	239.92	205.06
iii. Unpaid Dividend	10.18	14.70
iv. Dues to others	1,058.16	1,081.12
v. Creditors for capital goods	59.57	104.92
vi. Employee benefits payable	328.12	401.08
<b>Total</b>	<b>3,788.52</b>	<b>5,013.37</b>

## 26. Other current liabilities

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

Particulars	31st March, 2020	31st March, 2019
i. Advances from customers	150.72	254.23
ii. Statutory remittances	189.82	99.13
iii. Contributions to PF & ESI	26.17	55.15
iv. Advances received against Sale of Land	850.00	-
<b>Total</b>	<b>1,216.71</b>	<b>408.51</b>

## 27. Revenue from operations

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

Particulars	31st March, 2020	31st March, 2019
<b>(A) Sale of products (net of GST)*</b>		
a. Yarn	35,957.40	39,799.39
b. Fabric	23,512.94	31,826.18
c. Power	347.17	2,826.09
d. Cotton (traded)	-	1,163.32
Less:	-	-
Inter Division sale - Yarn	4,757.16	4,858.30
Inter Division sale - Fabric	1,832.96	2,898.93
Inter Division sale - Power	347.17	2,781.69
<b>(B) Sale of Services</b>	-	-
a. Job work	-	0.13
<b>(C) Other Operating Revenue</b>	-	-
a. Sale of Waste	525.28	768.10
b. Export Benefit entitlement	461.87	670.32
c. Packing & Forwarding collection charges	2.01	3.75
d. Scrap Sales	17.44	18.01
<b>Total</b>	<b>53,886.82</b>	<b>66,536.37</b>

\* Net of rejections and returns

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 28. Other Income

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

Particulars	31st March, 2020	31st March, 2019
<b>(A) Interest Income on</b>		
a. Bank Deposits	86.10	147.82
<b>(B) Other Non-operating Income (Net of Expenses)</b>		
a. Rent Received	0.49	0.49
b. Provisions written back:		
i. Credit Balances written back	0.02	3.70
ii. Excess Provision written back	3.26	0.96
c. Gain on Foreign currency transactions	170.92	457.18
d. Miscellaneous Receipts	56.38	6.34
e. Government Grant	6.56	6.56
<b>Total</b>	<b>323.73</b>	<b>623.05</b>

## 29. Cost of materials consumed

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

Particulars	31st March, 2020	31st March, 2019
Opening Stock	1,714.87	2,111.33
Add: Purchases during the year	33,016.63	35,877.42
	34,731.50	37,988.75
Less: Value of Raw Materials sold	29.19	-
Less: Closing Stock	2,369.89	1,714.87
<b>TOTAL</b>	<b>32,332.42</b>	<b>36,273.88</b>

## Details of raw materials consumed

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

Particulars	31st March, 2020	31st March, 2019
Cotton	17,311.46	18,724.59
Yarn	2,176.44	2,660.02
Polyster Staple Fibre	9,496.62	11,815.06
Viscose Staple Fibre	3,202.19	3,074.21
Fabric	145.71	-
	<b>32,332.42</b>	<b>36,273.88</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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

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

Particulars	31st March, 2020	31st March, 2019
Opening Stock:		-
Yarn	1,308.57	1,827.43
Fabric	3,270.90	4,016.78
Work-in-progress	3,161.25	5,732.51
Cotton Waste	46.81	20.87
	<b>7,787.53</b>	<b>11,597.59</b>
Less: Revaluation of rate Difference	-	232.69
Less: Closing 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>
<b>(Increase)/ Decrease in stocks</b>	<b>(3,323.22)</b>	<b>3,577.37</b>

## 31. Employee Benefits Expense

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

Particulars	31st March, 2020	31st March, 2019
Salaries and Wages	4,457.72	5,150.22
Contribution to provident funds	275.22	308.77
Gratuity, bonus and incentives	123.74	116.47
Staff welfare expenses	192.00	198.61
Contribution to ESI	83.04	111.00
<b>Total</b>	<b>5,131.72</b>	<b>5,885.07</b>

## 32. Finance Costs

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

Particulars	31st March, 2020	31st March, 2019
Interest on Borrowings	2,688.82	2,925.69
Dividend on Redeemable Preference Shares	60.28	60.18
Other Borrowing cost	530.79	416.53
<b>Total</b>	<b>3,279.89</b>	<b>3,402.40</b>

## 33. Other Expenses

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

Particulars	31st March, 2020	31st March, 2019
Consumption of stores & spare parts		
(i) Consumable Stores	458.40	519.20
(ii) Dyes and Chemicals	2,451.41	3,635.65
(iii) Packing Material Consumed	628.07	688.75

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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

Particulars	31st March, 2020	31st March, 2019
Power and fuel		
(i) Electricity Charges	3,827.12	2,565.76
(ii) Fuel Consumed	703.52	3,013.78
Rent	7.05	21.57
Security Charges	38.27	41.36
Rates & taxes	65.79	94.82
Printing & Stationery	15.66	17.09
Postage, Telegrams & Telephones	35.16	39.27
Travelling & Conveyance	150.54	198.04
Directors' Sitting fees & Travelling expenses	10.98	11.07
Advertisements	2.52	3.32
Expenses on Sales	971.25	1,361.69
Commission on Sales	250.25	510.39
Insurance	206.94	99.55
Legal & Professional Charges	66.87	148.35
Payments to auditors :		
- As auditor	4.80	4.05
- for taxation matters	0.65	0.65
- for GST Audit	0.75	-
- for Certification	2.30	1.77
- Cost Auditor	0.70	0.70
Repairs to :		
- Buildings	13.30	22.88
- Machinery	745.45	973.47
- Other Assets	32.91	66.09
Vehicle Maintenance	38.88	46.85
Miscellaneous Expenses	612.78	678.44
Expenses on Corporate Social Responsibility	5.09	17.44
Donations	1.36	1.63
Bad debts and Debit Balances written off	0.04	1.75
Other Manufacturing expenses	384.49	228.87
Managerial remuneration	144.96	150.63
<b>Total</b>	<b>11,878.26</b>	<b>15,164.88</b>

## 34. Exceptional Items

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

Particulars	31st March, 2020	31st March, 2019
Profit/(loss) on sale of assets	14.51	19.05
Prior period period expenses	(12.02)	-
<b>Total</b>	<b>2.49</b>	<b>19.05</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 35. Profit/(loss) from discontinued operations (See note 37.4.6)

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

Particulars	31st March, 2020	31st March, 2019
Sale of Products	5,823.78	7,641.46
Other Income	16.39	24.64
<b>Revenue from discontinued operations (A)</b>	<b>5,840.17</b>	<b>7,666.10</b>
Cost of materials consumed	2,538.58	3,250.88
Changes in inventories of finished goods and work-in-progress	501.63	320.38
Employee benefits expense	1,462.64	1,905.66
Finance costs	308.60	332.46
Depreciation and amortization expense	209.24	278.84
Other expenses	1,715.98	2,111.64
<b>Expenses of discontinued operations (B)</b>	<b>6,736.67</b>	<b>8,199.86</b>
<b>(i) Profit/(loss) of discontinued operations before tax excluding (ii) below (A-B)</b>	<b>(896.50)</b>	<b>(533.77)</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>(1,377.86)</b>	<b>-</b>
<b>Total Profit/(loss) of discontinued operations before tax (i) + (ii) (C)</b>	<b>(2,274.36)</b>	<b>(533.77)</b>
Tax expense		
- on (i) above	(274.65)	(160.15)
- on (ii) above	(429.89)	-
<b>Tax expenses of discontinued operations (D)</b>	<b>(704.54)</b>	<b>(160.15)</b>
<b>Total (C-D)</b>	<b>(1,569.82)</b>	<b>(373.62)</b>

## 36. Items that will not be reclassified to profit or loss

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

Particulars	31st March, 2020	31st March, 2019
Remeasurements of defined benefit plans	(192.65)	(44.26)
Equity Instruments through Other Comprehensive Income	1.09	(0.90)
<b>Total</b>	<b>(191.56)</b>	<b>(45.16)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

**37.1. a) Contingent Liabilities and commitments not provided for in respect of:**

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	31st March, 2020	31st March, 2019
(i) Against Foreign & Inland Letters of Credit	1114.63	795.05
(ii) Against Bank Guarantees	401.29	1953.00
(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. The demand is paid under protest.	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) TSSPDCL 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.	336.03	431.51
(vi) Company purchased power from Power exchange at its Spinning division at Amanagallu, Mahboobnagar District, Telangana. TSSPDCL 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	198.49
(vii) Cases relating to Industrial disputes with workers pending at Labour and Industrial Courts, Nagpur	101.40	110.63
(viii) Demand for Gram Panchayat Tax raised by Gram Panchayat Nagardhan, over and above, Agreement with them, pending before Divisional Commissioner, Maharashtra State, Nagpur.	48.32	33.54
(ix) During the 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 Assessee's contention. ₹ 1.25 Lakhs is pre-deposited for filing appeal.	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	7.19
(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. ₹ 1.52 Lakhs is pre-deposited for filing appeal.	29.43	-



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## Explanatory Notes & Other Disclosures

### 37.2. Foreign Exchange Earnings and Expenditure:

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	31st March, 2020	31st March, 2019
(i) Contracts to be executed on capital accounts	101.99	101.99

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
a) Value of Imports calculated on CIF basis		
i) Raw Materials	43.90	1,831.68
ii) Spares	806.43	2,005.47
b) Expenditure in foreign currency on account of		
Commission on Export Sales	174.81	245.84
Foreign Travel (Excluding tickets purchased in India)	12.32	25.29
Foreign Technical & Consultancy services	5.60	0.97
Others	17.74	9.78

- c) The value of consumption of imported and indigenously obtained raw materials and spare parts and the percentage of each to the total consumption:

(All amounts in ₹ in lakhs, unless otherwise stated)				
Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
Indigenous	38,158.99	97.01	41,268.66	90.58
Imported	1,176.55	2.99	4,293.36	9.42
<b>Total</b>	<b>39,335.54</b>	<b>100.00</b>	<b>45,562.02</b>	<b>100.00</b>

- d) Earnings in foreign Exchange:

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	31st March, 2020	31st March, 2019
Export of goods calculated on F.O.B basis	12,012.66	18,090.19

**37.3.** 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 ₹ 458 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.

**37.4.** Disclosures in accordance with Companies (India Accounting Standards) Rules, 2015 notified by the Central Government:

#### 37.4.1. 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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 ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
(a) Debt	29,562.33	31,920.94
(b) Cash & Cash Equivalents	384.21	171.61
(c) Net Debt (a) - (b)	29,178.12	31,749.33
(d) Total Equity	23,663.39	26,972.30
Net debt to equity ratio (c)/(d)	1.23	1.18

## 37.4.2. Income Taxes

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

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
<b>(i) Tax expense recognized in Statement of Profit and loss (from continuing and discontinued operations)</b>		
Current Tax	-Nil-	-Nil-
Deferred Tax (including MAT Credit Entitlement)		
- Continuing Operation	(687.72)	(421.75)
- Discontinuing Operation	(704.54)	(160.15)
<b>Total</b>	<b>(1,392.26)</b>	<b>(581.90)</b>
<b>(ii) Effective tax Reconciliation</b>		
(a) Profit/(loss) before tax (from continuing and discontinued operations)	(4,569.72)	(1,425.72)
(b) Applicable tax rate	31.20%	31.20%
(c) Tax expense on Net profit (a*b)	(1,425.76)	(444.82)
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	29.90	34.47
- Due to decrease in rate of tax	nil	(278.93)
- Others	3.60	107.38
<b>Total (d)</b>	<b>33.50</b>	<b>(137.08)</b>
(e) Tax Expense as per Statement of Profit and loss (c+d)	(1,392.26)	(581.90)

## 37.4.3. Post-Employment Benefits

### Contributions to Defined Contribution Plans

(All amounts in ₹ in lakhs, unless otherwise stated)		
Particulars	Current Year	Previous Year
Contribution to Provident and other funds	315.82	372.10
Contribution to Employee State Insurance	97.51	144.87
<b>Total</b>	<b>413.33</b>	<b>516.97</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## Defined Benefit Plans

### (i) Gratuity (Unfunded)

(All amounts in ₹ 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	675.63	565.83
Interest cost	47.37	43.69
Current services cost	76.70	73.09
Benefits paid	(112.71)	(39.41)
Actuarial(gains)/losses on obligation	206.46	32.42
<b>Closing defined benefit obligation</b>	<b>893.45</b>	<b>675.62</b>
<b>B Changes in Fair Value of Plan Assets</b>		
Opening Fair value of plan assets	4.46	4.15
Adjustments to opening balance		
Expected Return	0.34	0.32
Contributions	112.71	39.41
Benefits paid	(112.71)	(39.41)
Actuarial Gain/(loss)	(0.03)	(0.01)
<b>Closing fair value of plan assets</b>	<b>4.77</b>	<b>4.46</b>
<b>C Expenses recognized in statement of profit and loss</b>		
Current Service Cost	76.70	73.09
Interest Cost on benefit obligation	47.37	43.69
Expected return on plan assets	(0.34)	(0.32)
<b>Total</b>	<b>123.73</b>	<b>116.46</b>
<b>D Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	206.46	32.42
Return on plan assets (greater)/lesser than discount rate	0.03	0.01
<b>Total</b>	<b>206.49</b>	<b>32.43</b>
<b>E Actuarial Assumptions</b>		
Salary Escalation	0%	1%
Rate of Discounting	6.73%	7.65%
Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	100%	100%
Disability Rate (as % of above mortality rate)	0%	5%
Withdrawal Rate	2% to 10%	2% to 10%
Normal Retirement Age	58 years	58 years
Average Future Service	20.77	23.06
Actuarial Valuation Report Dated : 02.06.2020		

### 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 ₹ in lakhs, unless otherwise stated)		
Particulars	31st March 2020	
	Increase	Decrease
Salary escalation	75.27	(66.55)
Withdrawal rate	40.54	(45.04)
Rate of Discounting	(58.69)	67.17

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## (ii) Leave Encashment (unfunded)

(All amounts in ₹ 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	162.33	155.71
Interest cost	9.94	10.30
Current services cost	-	38.45
Benefits paid	(64.72)	(53.96)
Actuarial(gains)/losses on obligation	(13.83)	11.83
<b>Closing defined benefit obligation</b>	<b>93.72</b>	<b>162.33</b>
<b>B Expenses recognized in statement of profit and loss</b>		
Current Service Cost	-	38.45
Interest Cost on benefit obligation	9.94	10.30
<b>Total</b>	<b>9.94</b>	<b>48.75</b>
<b>C Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	(13.83)	11.83
<b>Total</b>	<b>(13.83)</b>	<b>11.83</b>
<b>D Actuarial Assumptions</b>		
Salary Escalation	0%	1%
Rate of Discounting	6.73%	7.65%
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 : 02.06.2020		

## 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 ₹ in lakhs, unless otherwise stated)		
Particulars	31st March 2020	
	Increase	Decrease
Salary escalation	4.22	(3.94)
Attrition rate	1.12	(1.21)
Rate of Discounting	(3.15)	3.42

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 37.4.4. 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)	
d. Shri E V S V Sarma (Company Secretary)	
e. Shri P Siva Subramanyam (President Finance)	Relatives of Key Managerial Personnel
f. Smt Sabita Jain	
g. Ms. Aparna Agarwal	
h. L N Agarwal Family Trust	
i. M/s Jayman Dealers Pvt Ltd	Enterprises over which key managerial personnel and their relatives have significant influence
j. M/s SVP Distributors Pvt. Ltd	
k. Shri L N Agarwal (HUF)	

### (i) Transactions with Key Managerial Personnel

Nature of transactions	(All Amounts ₹ In lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2020	Receivable/ (Payable) as on 31.03.2019
<b>Remuneration:</b>				
Shri L N Agarwal	76.18	80.20	(1.11)	(1.00)
Shri Paritosh K. Agarwal	68.78	70.43	(0.65)	(0.35)
Smt Padmini Agarwal	45.67	46.80	(0.25)	(2.90)
Shri E V S V Sarma	17.87	26.03	(0.60)	(1.13)
Shri P S Subramanyam	17.19	19.14	(0.70)	(1.07)
<b>Interest:</b>				
Shri L N Agarwal	46.63	42.32	nil	(3.55)
Shri Paritosh K. Agarwal	65.83	55.05	nil	(5.02)
Smt Padmini Agarwal	51.78	44.70	nil	(3.49)
<b>Unsecured Loan:</b>				
Shri L N Agarwal	nil	nil	(930.00)	(930.00)
Shri Paritosh K. Agarwal	nil	nil	(1313.00)	(1313.00)
Smt Padmini Agarwal	460.00	nil	(1402.00)	(942.00)

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

Nature of transactions	(All Amounts ₹ In lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2020	Receivable/ (Payable) as on 31.03.2019
Shri R Surender Reddy	0.43	0.30	nil	nil
Shri Navranglal Tibrewal	0.38	0.30	nil	nil
Shri R S Agarwal	0.38	0.30	nil	nil
Shri A Mallikarjun/Shri V V S Ravindra (Nominee Directors, IDBI Bank Ltd.)*	0.38	0.30	nil	nil
Shri Dhruv Vijai Singh	0.25	0.20	nil	nil
Shri G Vivekanand	0.05	0.15	nil	nil

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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

Nature of transactions	(All Amounts ₹ In lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2020	Receivable/ (Payable) as on 31.03.2019
<b>Rent:</b>				
Smt. Sabita Jain	10.20	10.20	(8.49)	(4.59)
<b>Interest:</b>				
Ms. Aparna Agarwal	nil	1.08	nil	(0.97)
<b>Unsecured Loans:</b>				
Ms. Aparna Agarwal	(12.00)	nil	nil	(12.00)

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

Nature of transactions	(All Amounts ₹ In lakhs, unless otherwise stated)			
	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2020	Receivable/ (Payable) as on 31.03.2019
<b>Interest:</b>				
Shri L N Agarwal (HUF)	11.84	0.65	nil	(0.65)
M/s. Jayman Dealers Pvt Ltd.	24.75	13.45	(22.28)	(0.28)
M/s.SVP Distributors Pvt. Ltd	36.89	27.93	(33.20)	(3.05)
<b>Unsecured Loans:</b>				
L N Agarwal (HUF)	88.00	nil	(95.25)	(7.25)
Inter corporate Deposits:				
M/s Jayman Dealer Pvt Ltd.,	308.00	nil	(400.00)	(92.00)
M/s SVP Distributors Pvt Ltd	(125.00)	nil	(381.00)	(506.00)
<b>Sales:</b>				
M/s. Jayman Dealers Pvt Ltd	56.11	744.23	55.74	1000.99
Purchase of fabric:				
M/s. Jayman Dealers Pvt Ltd	771.08	nil	nil	nil
<b>Rent:</b>				
M/s. Jayman Dealers Pvt Ltd	2.40	2.40	(0.22)	nil
Trade Mark:				
M/s. Jayman Dealers Pvt Ltd	nil	0.10	nil	nil

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

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)	
	Current Year	Previous Year
(a) Profit/(loss) after tax from continuing operations (₹ in lakhs)	(1,607.64)	(470.22)
(b) Number of shares outstanding (face value of ₹ 10 each)	166.72	166.72
(c) Earnings Per Share from continuing operations (in ₹)	(9.64)	(2.82)
(d) Profit/(loss) after tax from discontinued operations (₹ in lakhs)	(1,569.82)	(373.61)
(e) Number of shares outstanding (face value of ₹ 10 each)	166.72	166.72
(f) Earnings Per Share from discontinued operations (in ₹)	(9.42)	(2.24)
(g) Earnings Per Share (c+f)	(19.06)	(5.06)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 37.4.6. 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 35)

The company has decided to sell off the land, Buildings and Plant & machinery of Garments division and the sale is expected to be completed within 3 to 6 months from the date of decision to close down the operations of Garments division. Therefore, these assets are measured at lower of carrying amount and fair value less costs to sell as of 31st March 2020. See Note 16. These assets are presented in the assets of the Garments Division at Segment Information below.

## 37.4.7. 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 mutual fund investments.

### 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 data (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 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, 2020

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	3,788.52			3,788.52			
<b>As at 31st March 2019</b>							
<b>Financial Assets</b>							
Investments (Refer note below)			4.11	4.11	4.11		
Trade Receivables	16,824.35			16,824.35			
Cash and cash equivalents	171.61			171.61			
Bank balances other than (ii) above	755.00			755.00			
Loans	611.54			611.54			
Others	5,546.37			5,546.37			
<b>Financial Liabilities</b>							
Borrowings	31,920.94			31,920.94			
Trade Payables	8,570.54			8,570.54			
Others	5,013.37			5,013.37			

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

## 37.4.8. 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.



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 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.

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:

Particulars	(All Amounts in ₹ Lakhs, unless otherwise stated)		
	Change in Rate	For the year ended	For the year ended
		31st March 2020	31st March 2019
USD	+ 0.50%	(8.14)	(5.49)
	- 0.50%	8.14	5.49

## 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.

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)			
	Impact on Profit & Loss		Impact on OCI	
	2019-20	2018-19	2019-20	2018-19
Mutual Fund	nil	nil	0.52	0.41
(1% change in price)				
<b>Total</b>	<b>nil</b>	<b>nil</b>	<b>0.52</b>	<b>0.41</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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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:

Particulars	(All Amounts in ₹ Lakhs, unless otherwise stated)				
	Total	On Demand	< 1 year	1 to 5 years	> 5 years
<b>As at 31 March 2019</b>					
Borrowings – Non-Current	12,290.49	-		11,790.49	500.00
Borrowings – Current	19,630.45	18,144.84	1,485.61		
Trade Payables	8,570.54	8,531.74	38.80		
Other financial liabilities	5,013.37	1,806.88	3,206.49		
<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	3,788.52	1,695.95	2,092.57		

## 37.4.9. 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 four principal operating and reporting segments; viz. Spinning, Denim (Fabrics), Power Plant and Garments.

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".

Particulars	(All amounts in ₹ in lakhs, unless otherwise stated)	
	Current Year	Previous Year
<b>1. Segment Revenue</b>		
Spinning	35,415.76	39,903.03
Denim	25,490.57	35,369.88
Power plant	388.02	2,826.09
Unallocated	48.15	115.13
<b>Total</b>	<b>61,342.50</b>	<b>78,214.13</b>
Less: Inter Segment Revenue	7,131.95	11,054.71
<b>Total Revenue</b>	<b>54,210.55</b>	<b>67,159.42</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

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

Particulars	Current Year	Previous Year
<b>2. Segment Results</b>		
Spinning	2,744.97	2,583.43
Denim	(1,425.18)	(248.32)
Power plant	(382.88)	59.30
Unallocated	47.62	116.03
<b>Total</b>	<b>(984.53)</b>	<b>2,510.44</b>
Less: Interest	3,279.89	3,402.40
<b>Profit before tax from continuing operations</b>	<b>(2,295.36)</b>	<b>(891.96)</b>
<b>3. Segment Assets</b>		
Spinning	24,342.52	27,024.99
Denim	31,084.50	30,485.86
Power plant	11,219.58	11,766.62
Garment (held for sale)	3,874.56	5,602.83
Unallocated	2,112.82	3,016.30
<b>Total</b>	<b>72,633.98</b>	<b>77,896.60</b>
<b>4. Segment liabilities</b>		
Spinning	13,470.62	18,468.70
Denim	17,184.42	13,500.96
Power plant	12,567.60	12,418.95
Garment (relating to assets held for sale)	5,041.84	5,870.06
Unallocated	706.12	665.63
<b>Total</b>	<b>48,970.60</b>	<b>50,924.30</b>

## (a) Information about Products and Services

(All Amounts in ₹ Lakhs, unless otherwise stated)

Products	Revenues
a. Yarn	31,200.24
b. Fabric	22,062.86
c. Garment	5,438.37
d. Sale of Waste	525.28
e. Export Benefit entitlement	464.40
f. Packing & Forwarding collection charges	2.01
g. Scrap Sales	17.44
<b>Total Revenue from operations (from continuing &amp; discontinued operations)</b>	<b>59,710.60</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## (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	47,522.23	33,900.84
(B) Outside India		
- Bangladesh	6,719.40	
- Madagascar	1,062.33	
- Guatemala	1,069.59	
- Jordan	1,644.83	
- South Korea	305.80	
- Venezuela	89.27	
- Others	1,297.15	
<b>TOTAL</b>	<b>59,710.60</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.

### 37.4.10. Leases

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.

(All amounts in ₹ in lakhs, unless otherwise stated)	
Particulars	Current Year
Additions to ROU assets (including assets recognized on account of initial adoption of Ind AS 116 from 1st April 2019)	621.49
Depreciation charge for right-of-use assets (pertaining to continuing and discontinued operations)	
(i) Land *	3.16
(ii) Non Factory Buildings	26.31
Carrying Amount of ROU assets at the end of the year	592.02
Interest expense on Lease liabilities (pertaining to continuing and discontinued operations)	2.95
Expense relating to Short term leases (pertaining to continuing and discontinued operations)	5.10

\*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 2020

Particulars	Amount (₹ in lakhs)
Less than 1 year	14.72
1-5 years	9.64
> 5 years	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2020

## 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.

## 37.4.11. 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").

**37.4.12.** The workers in the Company's Denim Unit at Ramtek were on strike from 13th February, 2019 followed by a lock out declared by the Company from 8th March, 2019. The lock out was lifted and normal production operations were resumed with effect from 1st July, 2019. As a result of this and the sluggish Denim Market the Company's performance has been badly impacted.

**37.4.13.** During the second half of the March, 2020, the COVID-19 pandemic started impacting the Indian and International business environment. The Government of India declared a lockdown of all the business activities and as a result the Company had to suspend its operations from 25/03/2020. The Spinning Divisions in Amanagallu & Amravati resumed production operations on a reduced scale from 2nd week of May, 2020. The Denim industry has already been reeling under the impact of excess capacity and reduced demand. It is expected that textile industry will suffer a loss of demand of atleast 25-35%. The Denim Division has not started operations as the markets in Mumbai & Delhi have been closed under the impact of lock down following the pandemic, on account of non availability of labour and also very poor consumer interest in COVID-19 affected public sentiments. The denim division has partially resumed operations as the domestic market for denim in Delhi /Mumbai are yet to open up.

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 and it appears will affect the 1st half of the financial year 2020-21 very badly. A moderate recovery is expected, that too subject to the revival schemes under the Government initiatives in the 2nd half of the year. 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 is yet to be felt. In this scenario, the Company hopes to grab any encouraging developments to its advantage to improve the profitability

**37.4.14.** 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 and on behalf of Board of Directors

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

**(L. N. Agarwal)**

Chairman & 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: 27.06.2020

**(P.S. Subramanyam)**

President (Finance)

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# NOTICE

NOTICE is hereby given that the 57th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, the 31st October, 2020 at 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, 2020 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 Smt. Padmini Agarwal, Wholtime Director (DIN : 01652449) who retires by rotation and who, being eligible, offers herself for reappointment.

## SPECIAL BUSINESS:

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

**"RESOLVED THAT** subject to the provisions of Sections 196, 197, 203 and 152 and other applicable provisions if any of the Companies Act, 2013 and Companies (Appointment and Remuneration of managerial personnel) rules, 2014 read with schedule V thereof as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to the re-appointment of Sri Paritosh Agarwal (DIN : 00008738), Managing Director for a period of 5 years from 21/06/2020 to 20/06/2025 on the following terms and conditions:

- i. **SALARY** : ₹4,50,000/- per month
- ii. **COMMISSION**

At the rate of 2% of the Net Profit of the Company or 50% of annual salary whichever is lower.

- iii. **PERQUISITES**

In addition to the salary and commission as stated above Sri Paritosh Agarwal shall be entitled to the following perquisites.

## CATEGORY - A

### (i) HOUSING :

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

### (ii) MEDICAL REIMBURSEMENT :

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

### (iii) LEAVE TRAVEL CONCESSION :

For self and family once in a year incurred accordance with the Rules of the Company.

### iv) CLUB FEES :

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

### (v) PERSONAL ACCIDENT INSURANCE :

Of an amount the premium of which shall not exceed ₹.4,000/- per annum.

## CATEGORY - B

- (i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- (ii) Payment of gratuity subject to an amount equal to half a month's salary for each completed year of service.

## CATEGORY - C

- (i) The Company shall provide a Car with driver and a telephone at the residence.
- (ii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

**RESOLVED FURTHER THAT** the appointment of Sri Paritosh Agarwal be subject to retirement by rotation and when reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing and such reappointment shall not be deemed to constitute a break in his appointment as Managing Director."

**"RESOLVED FURTHER THAT** in the absence of or inadequacy of profits in any year Sri Paritosh Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Schedule V of the Companies Act, 2013."

**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 R.S.Agarwal (DIN: 00012594), aged 77 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 29/07/2020.

**"RESOLVED FURTHER THAT** Sri R.S.Agarwal, 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** 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 Navrang Lal Tibrewal, aged 83 years (DIN: 00030151), 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 re-appointed as an Independent Director for a second term of five consecutive years from the 29/07/2020.

**"RESOLVED FURTHER THAT** Sri Navrang Lal Tibrewal, as an Independent Director shall not be liable for retirement by rotation during the tenure of his office."

**Item No.6 : TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum & Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities and the Company's Bankers, and subject to such terms and conditions as may be imposed by them, Consent of the Members be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include Committee[s] thereof) to sell the Plant & Machinery of Power Plant located in the Company's Denim Division at Ramtek, Maharashtra to any prospective Buyer(s) at such price(s) as may be negotiated and on such terms and conditions as the Board of Directors may think proper and beneficial to the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, matters, deeds and things as may be necessary, incidental or ancillary to the sale of the Property without further reference to the Members of the Company, including finalizing the terms and conditions, methods and modes of payment in respect thereof, and finalising and executing necessary documents including agreements, deeds of assignment, conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate to give effect to this Resolution.

**"RESOLVED FURTHER THAT** the Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be required or as necessary in the matter for making submissions at Stock Exchanges, Registrar of Companies and all other authorities in this regard."



**Item 7: 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 ₹.80,000/- (Rupees Eighty Thousand only) plus out of pocket expenses payable to M/s Aruna Prasad & Co., (Firm Registration No. 100883),

Cost Accountants for the cost audit to be conducted by them of the cost records of the Company for the financial year 2020-21."

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

Place : Secunderabad  
Date : 27th June, 2020.

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

**Notes:**

- The register of members and share transfer books will be closed from Saturday, 24th October, 2020 to Saturday, 31st October, 2020 (both days inclusive) for the purpose of Annual General Meeting.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses specified above is annexed hereto.
- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through two way 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.
- 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.**
- 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
- Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 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 2019-20 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).
- 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).
- 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.
- 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.
- 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, 13 April, 2020 and 5<sup>th</sup> May, 2020 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 31st October, 2020, 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, Karvy Fintech 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 Karvy Fintech 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 2011-12 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Final Dividend for financial year 2012-13 is due for deposit to the Investors Education and Protection Fund on 3rd November, 2020.
19. The Company also transferred 5381 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 2011-12 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 year 2012-13 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/agmvcspeakerregistration>. 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/agmq/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. Friday, 23rd October, 2020 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 Monday, 26th October, 2020 to 5.00 P.M. (IST) on Friday, 30th October, 2020. 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., userid and password) mentioned in the communication. Your 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 Friday, 23rd October, 2020.  
  
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.2 – Reappointment of Smt. Padmini Agarwal, Whole-time Director.

Smt. Padmini Agarwal (DIN : 01652449) will retire at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. Smt. Padmini Agarwal (DIN : 01652449) w/o Sri Paritosh Agarwal, Managing Director, aged 45 years, is a graduate and appointed as Wholetime Director for a period of 5 years w.e.f. 27th May, 2019 to 26th May, 2024. She has been actively involved in managing day-to-day operations and marketing of the Garments division.

No. of shares held by Smt. Padmini Agarwal as on 31st March, 2020 in the Company – 971815

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

Sri L.N.Agarwal, Sri Paritosh K.Agarwal and Smt. Padmini Agarwal are interested in this matter.

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

The Board recommends this item for members' approval.

**ITEM NO.3: REAPPOINTMENT OF SRI PARITOSH AGARWAL, MANAGING DIRECTOR**

Sri Paritosh Agarwal (DIN :00008738) was appointed as Managing Director for a period of 5 years w.e.f. 21/06/2015 on a remuneration of ₹.3.5 lakhs p.m. plus Commission @ 1% and other perquisites. His remuneration was revised to ₹.4.5 lakhs p.m. plus Commission @ 2% or 50% annual salary whichever is lower and other perquisites from 25/05/2016. His term of appointment came to an end on 20th June, 2020 and the Nomination and Remuneration Committee has recommended his reappointment as Managing Director for a period of 5 years, at the remuneration of ₹.4,50,000/- p.m. plus Commission at 2% or 50% annual salary whichever is lower and other perquisites w.e.f. 21/06/2020, subject to the approval of the Members in the General meeting and also of the financial institutions.

Sri Paritosh Agarwal, aged 47, a Graduate, is the Managing Director of the Company (first appointment to the Board on 06/09/1994). He has vast exposure in all the aspects of textile industry having acquired hands on experience in marketing, exports and production in the group Companies. He played a major role in setting up the Denim Division and building up the export business of the Company and has extensively traveled abroad and acquired deep knowledge of the International Markets.

One of the amendments made by SEBI to its Listing Obligations and Disclosure Requirements Regulations, 2015 requires the approval of members by way of a Special Resolution for the payment of remuneration to the Executive Directors of the Company in excess of 5% net profits of the Listed Company (where there is more than one Executive Director).

The terms and conditions of appointment of Sri Paritosh Agarwal shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Except Sri L.N.Agarwal, Sri Paritosh Agarwal and Smt. Padmini Agarwal, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

Name of the other Companies in which he is a Director/ Chairman -- NIL.

No. of shares held by Sri Paritosh Agarwal as on 31/03/2020 in the Company is -1478472.

**Item No.4****Reappointment of Sri R.S.Agarwal as an Independent Director for a second term of 5 years.**

Sri R.S.Agarwal (DIN: 00012594), B.Sc., B.E. (Chemical Engineering) started his career in 1965 and after serving

in various capacities with a leading paper mill of Northern India for nine years and with Industrial Development Bank of India (IDBI) for 28 years, retired as Executive Director of IDBI.

The present tenure of Sri R.S.Agarwal comes to an end on 28/07/2020. Based on the recommendation of the members of the Nomination Remuneration Committee, the Board in its meeting held on 27/06/2020 reappointed him as an Independent Director for a period of 5 years from 29/07/2020, subject to the approval of the members of the Company in the ensuing Annual General Meeting.

In the opinion of Board of Directors, Sri R.S.Agarwal satisfies the conditions prescribed in the Act and the Corporate Governance norms for Reappointment as an Independent Director for a second term of 5 years from 29/07/2020 to 28/07/2025 and the Board recommends his reappointment to the members of the Company.

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

1. The Ramco Industries Limited
2. The Ramco Cement Limited
3. Ramco Systems Limited
4. GVK Jaipur Expressway (P) Ltd.

No. of shares held by Sri R.S.Agarwal as on 31/03/2020 in the Company is NIL.

Except Sri R.S.Agarwal, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

**Item No.5****Reappointment of Sri Navrang Lal Tibrewal as an Independent Director for a second term of 5 years.**

Sri Navrang Lal Tibrewal (DIN :00030151) is an Advocate by profession and was appointed as a Judge of the Rajasthan High Court in 1990. He was appointed as the acting Chief Justice of Rajasthan High Court in May, 1998 and was subsequently appointed as the Governor of Rajasthan and he retired as such in January, 1999.

The present tenure of Sri Navrang Lal Tibrewal comes to an end on 28/07/2020. Based on the recommendation of the members of the Nomination Remuneration Committee, the Board in its meeting held on 27/06/2020 reappointed him as an Independent Director for a period of 5 years from 29/07/2020, subject to the approval of the members of the Company in the ensuing Annual General Meeting.

In the opinion of Board of Directors, Sri Navrang Lal Tibrewal satisfies the conditions prescribed in the Act and the Corporate Governance norms for Reappointment as an Independent Director for a second term of 5 years from

29/07/2020 to 28/07/2025 and the Board recommends his reappointment to the members of the Company.

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

No. of shares held by Sri Navrang Lal Tibrewal as on 31/03/2020 in the Company is NIL.

Except Sri Navrang Lal Tibrewal, no other Director / Key Managerial Personnel / their relatives is interested in the resolution.

#### **Item No.6.**

### **TO CONSIDER THE SALE OF PLANT & MACHINERY OF THE POWER PLANT.**

The operations of the Company's Captive Power Plant in the Denim Division at Ramtek had become unviable ever since the levy of high cross subsidy rates in Maharashtra. Further in view of subsidy provided by the State Government of Maharashtra to textile units, grid power is cheaper than the generated power and the Company has therefore not been operating the power plant and has been drawing power from the grid. On a further review of all the factors and in view of authorization of Board of Directors in the Board Meeting held on 14/08/2019, it has been decided by the management that it is most beneficial for the Company to close down the power plant. The necessary permissions were received from MS&EDCL and the statutory notices under the relevant industrial relations law of the State Government, and the workers and others have been served statutory notices about the closure of the Unit with effect from 01/11/2019.

The Board has therefore at its meeting held on 27/06/2020 approved a proposal subject to the approval of Members and other statutory approvals to dispose of the Plant and Machinery of the Power Plant Unit in the best interests of all the stake holders following due process of the Law and Corporate governance norms.

Pursuant to the provisions of Sections 180(1)(a) of the Companies Act, 2013 the sale, transfer or disposal of an

undertaking requires the approval of the Members by Special Resolution

As the Company provides its members the facility of exercising their right to vote by electronic means, as required by Section 108 of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, this item is being transacted at this General Meeting instead of through a Postal Ballot.

None of the Directors, Key Managerial Personnel of Company and their relatives is in any way, deemed to be concerned or interested financially or otherwise in the Special Resolution as set out at Item No.6 of the Notice.

The Board recommends the resolution as set out at Item No.6 of the Notice for approval by the shareholders.

#### **Item No.7**

### **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. Aruna Prasad & Co., has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2020-21 on a remuneration of ₹.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 : 27th June, 2020.

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

# ATTENTION SHAREHOLDERS !!

## **Reg.: 1. Mandatory updation of PAN and Bank details against your holding 2. Request for dematerializing the shares held by you**

Pursuant to SEBI circular dated 20th April, 2018, shareholders whose ledger folios do not have or having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the RTA/to the company for registration in the folio.

### **ACTION REQUIRED FROM YOU**

You are requested to submit the following to update the records.

- Enclosed format duly filled in and signed by all the shareholders
- Self-attested copy of Pan Card of all the holders
- Cancelled Cheque leaf with name ( if name is not printed, self-attested copy of the pass book first page)
- Address proof (self-attested Aadhaar-card)

Please note that under the amended SEBI (LODR) Regulations effective from April 1, 2019 it has been mandated that **"transfer of securities shall not be processed unless they are held in the dematerialized form with a depository"**

In this regard, we advise you to get your shares dematerialized, if held in physical form, at the earliest possible, as here after no transfer of shares held in physical form will be processed. You may write to us at our e-mail id: [einward.ris@karvycom](mailto:einward.ris@karvycom) to know the detailed procedure for dematerialization of the shares

**Note: In case you have already updated PAN / BANK details please ignore this.**

For any queries or any assistance in this regard, please contact;

Suryalakshmi Cotton Mills Limited  
6th Floor, Surya Towers,  
105, S.P. Road,  
Secunderabad - 500 003.  
Ph: 040-27885200  
Email : [cs@suryalakshmi.com](mailto:cs@suryalakshmi.com)

M/s Kfintech Technologies Pvt. Ltd.  
Unit : SuryalakshmiCotton Mills Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad - 500 032  
Toll Free No.: 1800-3454-001  
Email : [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

## National ECS / Electronic Clearing Service (ECS) for Payment of Dividend

To the shareholders,

The Company has introduced NECS / Electronic clearing Service (ECS) for payment of dividend. This would facilitate shareholders to obtain the dividend electronically and the payment would consequently be faster and loss of dividend instrument in postal transit would be eliminated.

Under this method, the Company would issue payment instructions to the Clearing House of Reserve Bank of India through the bankers of the Company. The clearing House would furnish to the service branches of the destination banks branch wise credit reports indicating the beneficiary details such as names of the branches where the accounts are maintained, the names of the beneficiaries account type, account numbers and the respective amounts. The service branch would in turn pass on the advices to the concerned branches of their bank, which would credit the beneficiary's accounts on the appointed date. An advice of remittance would be sent by the Company to the shareholders opting for electronic transfer.

Considering the benefits derived in NECS/ECS for payment of dividend, shareholders are advised to avail this facility. Securities & Exchange Board of India and the Ministry of Corporate Affairs, Government of India, have made it mandatory on the part of the companies to offer NECS/ECS facility, wherever the said facility is available.

Presently, NECS/ECS facility is available at several centres and the shareholders are requested to contact their concerned Bank Branches for further details.

Shareholders holding shares in physical form wishing to participate in this scheme may please fill in the NECS/ECS Mandate Form printed overleaf in legible English, sign and return the same to the Company immediately at its Registered Office /Registrar & Transfer Agent. Please note that the information provided by you should be accurate and complete in all respects and duly certified by your bankers. In lieu of the bank certification, you may attach a blank cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the NECS/ECS Mandate Form.

The shareholders holding shares in electronic form in the depository system are requested to forward the NECS/ECS particulars to their depository participant for incorporation in their records. The depository would forward the required information to the Company at the time of payment of Dividend. In case you require any clarification /assistance, please feel free to contact the Company.

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



# SURYALAKSHMI COTTON MILLS LIMITED

Registered Office : 105, 6th Floor, Surya Towers, S.P. Road, Secunderabad 500 003.

(CIN : L17120TG1962PLC000923)

Website : www.suryalakshmi.com. Email :- slcmltd@suryalakshmi.com,

Ph.no.040-27885200, 27819856, 27846854

## ECS Mandate

### Suryalakshmi Cotton Mills Limited

Name of the first / sole shareholder :

Ledger folio No. / Client ID :

### Particulars of bank account of first / sole shareholder

Name of the Bank :

Name of the Branch :

Bank Branch Address :

9 digit code number of the Bank and Branch

as appearing on the MICR cheque issued by the Bank :

Type of Account

☐

Savings

☐

Current

☐

Cash Credit

Account No. (as appearing on the Cheque Book) :

Ledger No. /Ledger Folio No. (If appearing on the Cheque Book / Pass Book):

In lieu of the bank certificates to be obtained as under, please attach a blank cancelled cheque or a photocopy of a cheque issued to you by your Banker, for verification of the particulars provided herein.

Effective Date

I hereby, declare that the particulars given above are correct and complete. I undertake to inform you promptly any subsequent changes in the above particulars. If the payment transaction is delayed or not effected at all for reasons of incomplete or incorrect information or beyond the control of the Company, I will not hold Suryalakshmi Cotton Mills Limited responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the Scheme.

Place :

(\*as per specimen signature)

Signature of the shareholder\*

## BANKERS' CERTIFICATION

Certified that the particulars furnished above are correct as per our records.



## This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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## DISCLAIMER

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We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep 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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**SURYALAKSHMI COTTON MILLS LIMITED**

105, 6th Floor, Surya Towers, S.P. Road  
Secunderabad - 500 003  
(CIN: L17120TG1962PLC000923)

